THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

June 21, 1941

Is a Nazi-Soviet Rupture Approaching?

An Editorial

Gambling in Gold Bars

BY JOHN AHLERS

Hashimoto—Fascist Intriguer

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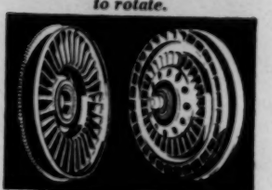

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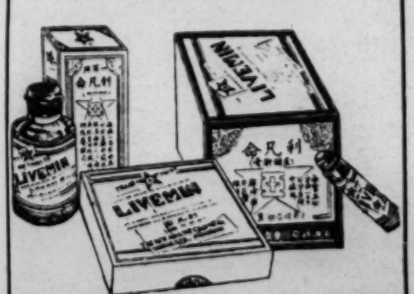

What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

APOLOGIA

To the Editor:

Another bit of opinion concerning the recently concluded Japan-Soviet Neutrality Pact appeared in "The China Weekly Review" of May 17, 1941, entitled "Is China Disheartened?", signed by "A.W.", which contains expressions that call for some common sense reasoning as to their logical soundness.

In the first place "A.W." asserts that "Russia has thrown her lot with the Axis," which, however, is far from being the case, if one would care to analyze the actual facts. As has been declared by the Soviet leaders again and again, the Soviet Union stands for peace, and as we have seen so far, she earnestly means it, too. Russia has not thrown in her lot with either side of the disputing imperialistic countries, and she could not do so for the simple reason that Russia now is a Union of Soviet Socialist Republics, in which "socialist" means that the people of the Soviet Union are not divided into various antagonistic classes as is the case in the capitalistic countries, where any war is a good opportunity for the capitalists to earn more profits.

In order to live in peace with the whole world, the Soviet Union, during the past twenty-four years of her existence, has continuously offered to conclude non-aggression pacts with all the countries of the world, including China and Japan, although, unfortunately, with rather a limited success. That the Soviet Union finally succeeded in concluding a non-aggression pact with Germany does not at all mean of "having thrown her lot with the Axis", but what it really does mean is that she has tried her best in making peace secure on her Western frontiers, that's all.

Exactly the same thing has happened with the Soviet Union's far-eastern neighbor, who persistently has refused pact between herself and the Soviet Union, but on several occasions has even attempted to invade Soviet territory. Again this does not at all mean of "throwing her lot with the Axis," but is to be regarded as another step forward in the continuous peace movement, in order to secure peace and prosperity for the People of the Soviet Union (and for any other country as well, who would care to join up in the Soviet peace movement), and it does not in any way interfere with her "assistance" to China either.

If "A. W." in his expression "the division of China's territory for her own interest" refers to a clause in the above mentioned Neutrality Pact regarding Outer-Mongolia and Manchuria, then about the fate of Manchuria he may think as he likes, but as regards to Outer-Mongolia or the present Mongolian People's Republic, which country had placed herself under the protection of the U.S.S.R., having already received, and perhaps more than once, that protection from the Soviet Union against Japanese aggression "in deeds not words". I do believe Outer-Mongolia to be far better off now than she would have been under either the Chinese or Japanese imperialists.

COMMON SENSE.

Shanghai, June 7, 1941

Editor's Note: Whether the Soviet-Japanese pact will result in cessation of Soviet assistance to China, remains to be seen. But no words can wash out the fact that in recognizing the Japanese conquest of Manchuria, Stalin perpetrated a deed as perfidious as the stab in the back which Mussolini delivered to France.

WANG'S JAPAN TRIP

To the Editor:

The departure of Wang Ching-wei and his gang for Japan gives me an ugly picture that they are going to kneel before their Nipponese boss, begging the latter to further "strengthen" their positions with the object of squeezing more flesh and blood from the Chinese masses.

Certain observers have the opinion that on behalf of the Japanese aggressor, Wang and his henchmen will put up another dramatic show in the Far East, and that show will be something different from before. What kind of show remains to be seen; yet, viewing the present situation, we wonder what else can be done by these marionettes. Wang is widely known as a tool utilized by the Japanese to rule their occupied districts in China. Were it not for the support of the Japanese Army with their rifles and bayonets, these puppets would be unable to remain where they are.

In other words, Wang and his gang are keeping in custody the Japanese booty and they are being paid for that work. Indeed, they have made every possible effort to satisfy their Nipponese master in this connection; but it should be understood that they have already exhausted all their wits in doing so. What else can be done by them except pleasing their master at the expense of their fellow nationals?

Therefore, there are no such things as further strengthening of the Wang regime or closer collaboration between Japan and her slaves and running dogs at her command. We can imagine that Wang will be overjoyed, at least in his outward appearance, when he is entertained by his master at Tokyo. And when he comes back, he will bring with him a more extensive plan of exploiting the Chinese people as well as of expelling foreign rights and interests. No matter what show he will stage, it will, by no means, help his master to dis-

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pose of the so-called "China incident" but will rather prolong the Sino-Japanese hostilities.

FAN JIH-TSE

Shanghai, June 14, 1941

CHINA'S STRUGGLE

To the Editor:

In his Fireside Chat on May 27, President Roosevelt placed China, in her resistance to Japan, on the same high level as Britain in her resistance to Germany. This is not accidental. China is fighting not only for her national existence, but also for world peace. This country was the first in line in the struggle against aggression.

China has been fighting for four years and has weakened Japan, so that America and Britain, though busy with the European aggressors, still have time to complete their preparations for defending their colonies in the Far East. British and American statesmen have often said that China is fighting their battles. China being a democracy, has simply been discharging her obligations and will continue to do so. But she will need, and should receive, ever greater assistance from nations which are on the same battle line.

MU WEN-FU

Chungking, June 5, 1941

KANHSIEN AIR RAID

To the Editor:

After a lull of nearly one year, the last raid having occurred on June 12 of the previous year, this city was raided again by eight enemy planes yesterday morning. About 30 minutes after the air-raid alarm had been sounded, approach of enemy planes was audible and in a few seconds eight planes were seen.

Having scouted over the city for several minutes they dropped a dozen explosive bombs on the eastern outskirts, resulting in a score of civilians being killed and a few others wounded, while the damage to property was slight. After this they flew away but returned to drop several bombs on the northern outskirts, causing two deaths but no damage whatsoever.

After their departure thousands of copies of the Shanghai **Siao Shun Pao** (a puppet paper) of the issues of May 4 and 11 were found on the ground. Nobody wanted to heed the contents of this puppet paper and they were thrown into the water or the fire as soon as they were found, as it was feared that they might carry poisonous germs.

In the morning newspaper the people were informed that poison gas bombs were dropped by enemy planes in eastern Chekiang, causing many deaths. The people were warned to take the necessary precautions in case this inhuman action should occur here.

When the "all clear" signal was given Gen. Chiang Ching-kuo, Special Administrative Supervisor for this District, proceeded to the spot to visit the killed and wounded. He issued a compassionate post-mortem fund of $100 to the family of the killed and a comfort fund of $50.00 to the wounded while the children of the killed would be cared for and educated by the Government if they were left destitute.

There was no destruction or damage of any establishment either military or otherwise. It appears to us that only the Japanese can say this raid is worth the bombs released, oil expended and the wear and tear of the engines of the planes.

H. C.

Kanhsien, Kiangsi, May 30, 1941

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June 18, 1941

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Amer. Waterworks	4⅝
Anaconda Copper	27¼
Bethlehem Steel	73½
Chrysler	57⅞
Elec. Bond & Sh.	2¼
Gen. Motors	39
Goodyear T. & R.	17¾
Gt. Nthrn. Rly., pfd.	25¾
Lockheed Aircraft	24½
Mont. Ward	35¾
N. Y. Central	12¼
Texas Corp	39¾
U. S. Steel	56

COMMODITIES

New York Cotton, July	14.05/05
New York Rubber, July	21.11B
New York Hides, Sept.	14 65/68
Chicago Wheat July	98⅞/99
Chicago Corn, July	73⅛/73¼
New York Sugar, No. 4, July	0.92½B/94½A

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Demand Buying rate on N.Y. ... ... U.S.$1.	=Sh.$18.18	=Sh.$18.18	=Sh.$18.18	=Sh.$17.98	=Sh.$17.98	=Sh.$17.98
Demand Selling rate on London ... £1-0-0	=Sh.$73.14	=Sh.$73.14	=Sh.$72.45	=Sh.$72.45	=Sh.$72.45	=Sh.$72.45
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Shanghai $100. equals Rupees	18⅛	18⅛	18⅛	18⅛	18⅛	18⅛
Shanghai $100. equals Pesos	10⅜	10⅜	10⅜	10⅜	10⅜	10⅜
Shanghai $100. equals Hongkong $	21⅜	21⅜	22	22	22	22⅛

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NAZI GERMANY AND THE SOVIET—IS A BREAK COMING?

DURING the past week and more the war news from Europe has been largely dominated by rumor and speculation concerning alleged preparations by Nazi Germany for an armed showdown with Soviet Russia. Amid the welter of reports on the subject, many of them wishful thinking on the part of those who would like to see a serious German-Soviet clash, there have been only two tangible, substantiated facts, namely, that an enormous number of German troops have been concentrated at the Soviet borders, with corresponding Soviet activity on the other side of the line.

The German concentrations, stretching from the Baltic to the Black Sea, have been given varied interpretations. In some quarters it is believed that Germany is using threats to force Stalin into permitting Nazi troops to proceed to the Soviet port of Batum on the Black Sea for an advance to Iran and Iraq which would place them on the British flank in the Middle East.

Another view is that Germany is demanding closer economic ties with the Soviet in order to get much-needed supplies for feeding the near-starving peoples of the conquered European countries and additional oil products for her war machine. Some political speculators have extended this idea to envisage a demand by Hitler for some sort of condominium over the Soviet Ukraine and for control over certain Soviet industries.

Yet another interpretation of the German-Soviet troop concentrations is that they are merely the spectacular prelude to a far-reaching agreement, of both political and military significance, which would far transcend the limits of the original pact which Hitler and Stalin entered into in 1939. It has been suggested that this agreement may take the form of a ceremonious establishment of the European "new order" which Hitler plans to set up.

A statement of an extraordinarily vehement character was issued by the Soviet news agency *Tass* on June 13, denying that Germany had presented any demands or claims on the U.S.S.R. "Germany," the statement declared, "abides by the provisions of the Soviet-German Non-aggression Pact as unswervingly as the Soviet Union, in view of which, in the opinion of Soviet quarters, rumors of Germany's intention to disrupt the pact and undertake an attack on the U.S.S.R. are devoid of any ground, whereas the dispatching of German troops relieved from operations in the Balkans to the eastern and northeastern districts of Germany is connected, it should be assumed, with other motives having no bearing on Soviet-German relations."

To this remarkable pretense of ignorance of the motives of German troop movements (has the Soviet secret service been asleep?) Moscow added that the U.S.S.R. was not preparing for war with Germany and that corresponding movements of Soviet troops were only ordinary army maneuvers combined with a check-up of the railroad organization. Moscow then went on to state that rumors which had grown out of the German-Soviet troop movements were "clumsily concocted propaganda of forces hostile to the U.S.S.R. and Germany and interested in the further extension and unleashing of war."

The question which immediately suggests itself is this: Why does Moscow display such obvious perturbation over mere "rumors"—especially if they are only "clumsily concocted propaganda?" Surely the thing to do in such circumstances is to treat the rumors with the contempt they deserve by maintaining a dignified silence. There is no more certain way to kill unfounded rumors.

Study in Proportions

Washington Evening Star

Much more remarkable and significant than Moscow's panicky denials, however, is the fact that Nazi Germany has passed the alleged rumors over in complete silence. Stalin has denied that Hitler has any aggressive designs on the U.S.S.R. If this is so, why didn't Hitler himself say so? Berlin's silence must be embarrassing, if not highly alarming, to the Moscow dictator.

Meanwhile reports from Ankara, the Turkish capital, state that all Red Army leave has been cancelled and that general mobilization is under way. This has not been confirmed at this writing. Another report, by *Domei* from London, credits the *Sunday Express* correspondent

on the German frontier with the statement that Dictator Stalin, after conferring for 40 hours with Red Army leaders, has accepted in principle "the German request for closer economic collaboration." Signature of an agreement, the correspondent reportedly wrote, would take place some time this week and would provide, *inter alia*, for "almost unlimited" Soviet credits to Germany for the purchase of cereals, oil, etc., whereas up to now Soviet deliveries to Germany had been on a cash basis or in exchange for immediate deliveries of German goods.

Having subjugated most of Europe, Hitler's problem, among others, is to feed the peoples of the occupied states. Europe has never been self-sufficient in food and the ruin of war has made the food problem extremely acute. Moreover, for continuing the war (Hitler always envisaged a short, sharp conflict) certain war supplies—above all petroleum—are necessary to Germany in greater quantities than are now available. It is beyond doubt that the German war machine has consumed most of the petroleum stocks laid in before the war.

Where are the additional supplies to be obtained? The Allied blockade leaves only one source—Soviet Russia. If indeed Hitler has made serious economic demands on Moscow, which is highly probable, this shows that the flow of Soviet supplies to Germany under the old agreement is no longer adequate. And there can be no considerable improvement in view of the notorious inefficiency of Soviet industry and agriculture under Stalin's dictatorship. Hitler may well have decided that if he is to get what he needs, he must have some control over the Ukrainian granary and over parts of Soviet industry in order to render them capable of supplying his wants.

Will Stalin submit to such far-reaching demands, or will he resist? For several years, the Kremlin boss was guided in foreign affairs by the conservative policy of the status quo. He summed this up in the famous formula: "We do not covet an inch of foreign territory and we will not yield an inch of our own." The U.S.S.R. joined the League of Nations and Soviet spokesmen were always to the fore in demanding that forceful restraint be put on the "aggressors." They never tired of speaking about the "peace-loving policy" of the U.S.S.R.

In reality, however, Stalin's policy was not a policy of peace, but a reflection of his fear of war, for war is often the forerunner of revolution and Stalin's throne is even less secure than was that of the Tzar. When the Japanese occupied Manchuria, Stalin hastened to sell them the Chinese Eastern Railway for a mere song, although this was the Soviet's greatest single strategic asset in the Far East. He was frightened to death at the prospect of a war with Dai Nippon. And when Mussolini invaded Abyssinia, Stalin sold him large quantities of gasoline and oil and refused to participate in League sanctions which might have led to war.

Just before the Japanese invasion of China in 1937, a Soviet-Japanese brawl took place over two strategic islands in the Amur River. The islands were without doubt part of Soviet territory, yet Stalin, fearing a major conflict might develop, permitted them to be taken over by Japan.

After Japan had become embroiled with China, the Kremlin boss felt a little more secure on his eastern frontiers and allowed his Far Eastern Army to go the limit in expelling Japanese troops from Changkufeng and Nomonhan.

Then came the fateful autumn of 1939. Germany had been preparing to go to war. To counter this menace, Britain and France had sought an alliance with the U.S.S.R. While dickering around with them for months, the Kremlin boss conducted secret negotiations with Hitler which secured Germany's eastern front and made it possible for Germany to unleash the dogs of war against the democracies. This piece of political perfidy is explainable in only one way: Stalin was not seeking allies for victory, for then he would have joined with the democracies. He was still obsessed with the fear of war. Had he joined the Allies, he would have found himself at war with Germany. As it was, Germany was liberated for war in the west and Stalin got a goodly slice of Poland as a "guarantee" of Hitler's pacific intentions as regards the U.S.S.R.

By the pact of 1939, Stalin became Hitler's number one political prisoner and the U.S.S.R. has been partly converted into a service station for Hitler's war machine. Nothing in these respects has changed.

To counter the danger of America's entry into the war on the side of the democracies, Hitler drew Japan

The Lid on the Volcano

into the Axis alliance. But, realizing that Japan would be an ally of dubious value as long as she felt menaced by the Russian bear, Hitler saw the necessity for a Soviet-Japanese understanding, and the appropriate "hint" was undoubtedly given to the Kremlin. Since Japan has been getting more and more embroiled with the democratic powers in the Pacific, Stalin had no need of a non-aggression and neutrality pact with that country. Indeed, from the point of view of Russia's interests, it would have been decidedly good policy to keep Japan guessing as to what Russia would do in the event Japan got into war with the United States and Britain.

But Hitler needed the pact. Stalin fears Hitler, and complied. Japan wanted something for her part in the game. She got Soviet recognition of Manchukuo. Stalin had no compunction in delivering this stab in the back to China.

And his spokesmen still continue to speak of Soviet policy as the "policy of peace!" Just as Stalin's original pact with Hitler enabled Germany to launch the war in Europe, so his recent pact with Japan is helping the latter country to renew and intensify her aggression against China, while at the same time it has partly freed her for war in the Pacific whenever she deems the time opportune. The claim that Stalin's policy is a "policy of peace" will not bear a moment's examination. Rather it is a policy of driving others to war in such a manner that the Soviet Union will be able to stand aside.

There are, of course, limits to such a policy. The logic of war development compels Hitler to make increasing demands on Stalin. At some point—and it may have been reached now—Hitler will present demands which will pose for the Soviet Union the alternative of

either permitting grave infringements of its territory and sovereignty by Nazi Germany, or else going to war to defend them. No one can predict which of these two courses Stalin will choose. One may be sure, however, that he will go to still further extremes to avoid war with Germany, provided there is no formal impairment of Soviet sovereignty. But if and when a situation arises where there is no alternative but to fight the Nazis, the Soviet Union will find itself alone and friendless. The chickens of fear and perfidy will have come home to roost.

Hitler, of course, has never abandoned the idea of a march against Soviet Russia. The "fight against Bolshevism" was the axis of his rise to power and of the policies which he pursued thereafter. Stripped down to the bare reality, the fight against Bolshevism simply meant the expansion of the Third Reich eastward at the expense of Soviet Russia. Not holding all the aces in the deck of international politics, Hitler, to his regret, has been forced to fight the democracies in order to gain the possibility of fighting Soviet Russia. His pact with Stalin in the fall of 1939 signified that he had been obliged to put his plan for a campaign against Russia into cold storage for the time being. Things might have been quite different had Ribbentrop's prediction that Britain would never go to war over Poland turned out to be correct.

Today, having made himself the master of practically all Europe, Hitler can begin to turn his eyes eastward again. The nervousness of the Kremlin boss is all too apparent. In the hour of mortal peril from Nazi Germany, Stalin will without question seek support from the democracies whom he spurned and double-crossed in 1939. Political commentators are suggesting that Stalin is already sounding out the British Government through Sir Stafford Cripps, the British Ambassador to Moscow, who suddenly returned to London last week for some unexplained reason.

An interesting dispatch on this subject came from *Havas Telemondial*, the Vichy news agency, on June 16. Quoting "very reliable Japanese quarters" in Tokyo as authority, the agency asserted that Moscow was seeking British "assurances" in order to resist the pressure to which it has been subjected by Germany during the past few weeks, and also "British support in the event of a Soviet-German conflict breaking out in the near future."

The alleged Tokyo sources went on to say that "the main concern of the Soviet leaders is to obtain an assurance that Britain would continue her war against Germany if the latter is involved in a conflict with Russia. The Kremlin fears, particularly owing to the presence in Britain of Herr Rudolf Hess, Germany's No. 3, that Mr. Churchill might himself adopt the 'Chamberlain policy' whereby Britain would favor a Soviet-German war in which she would remain neutral." In other words, Stalin fears that he might become the victim of precisely such a situation as that into which he plunged the democracies by his perfidious pact with Hitler.

The French dispatch went further in its speculative views on this subject. "M. Stalin fears, it is said .... that Britain might take advantage of a conflict between Germany and Russia in order to sign a compromise treaty with Berlin, thus allowing Herr Hitler to throw the full weight of his troops to the East."

Illuminating as this dispatch is, it is necessary to bear in mind the source. The *Havas Telemondial* is a Vichy institution, and Vichy is a puppet of Germany. It is not inconceivable that the "Japanese sources" in Tokyo which the agency quoted are in reality German sources engaged in reading Stalin's mind in public and therewith delivering a warning to the Kremlin boss that they are aware of his diplomatic game. Hitler, himself a master of perfidy, can have no illusions concerning his Kremlin partner. Having double-crossed and deserted the democracies in 1939, Stalin is capable of double-crossing and deserting Hitler.

Knowing this, Britain may be expected to be extremely chary of any overtures from the direction of Moscow. Military expediency might of course force some sort of understanding. But Britain will have every reason to be suspicious of Stalin and his motives for for the very same reasons which now cause Stalin to suspect the motives of Hitler.

In the lively situation that now appears to be developing, another point should also be borne in mind. While the recent Soviet-Japanese non-aggression pact, dictated by Hitler, freed the hands of Japan on the Soviet-Manchukuo border, it also freed the hands of Stalin in the West. If war should break out between Germany and the Soviet Union, the world would be regaled with a truly piquant situation. Would Japan honor her obligations to Germany under the Tripartite Pact and launch an attack against the Soviet Union in the Far East? Or would she choose instead to honor her non-aggression pact with the Soviet Union and stand aside from the conflict?

Obviously Japan could not do both. It's our guess that she would seek to patch up her quarrels with the United States and Britain—even to the extent of foregoing her planned expansion southward—and launch an attack on Siberia. For in a war against the United States and Britain, Japan's prospects of victory would be highly dubious, to put it mildly, whereas with Soviet Russia fighting Germany there might be fairly easy pickings in the general region of Vladivostok.

Plan Reported for Evacuating Chinese Residents of Hongkong

A move which attracted no attention in the Shanghai press, but which is of considerable significance in the general pattern of the Far Eastern situation, was a *Kuo Min* dispatch from Shiuchow on June 6 which said that in view of the increasing gravity of the international crisis, the Kwangtung Provincial Government had decided to evacuate Chinese residents from the British colony of Hongkong and from the nearby Portuguese colony of Macao. An evacuation committee had been created by the Provincial Department of Civil Affairs, the report stated, and branch offices of the committee were to be set up in the two colonies.

It is difficult to see how the Chinese population either of Hongkong or Macao could be evacuated even if—a highly doubtful point—they desired to leave. Including refugees, Hongkong has a Chinese population of about 1,300,000, while Macao has more than 200,000.

Aside from this consideration, however, there can be little doubt that Hongkong is under serious menace from Japan. Since the beginning of the Sino-Japanese war it has been Japan's aim to liquidate foreign territorial bases in China and they have gone a long way towards achieving this end. The concessions in Tientsin have completely lost their old autonomy. The British leased territory at Weihaiwei has gone by the board. Hankow is occupied by the Japanese and they virtually control the last remaining foreign concession there—the French. The authorities in the French Concession at Shanghai take orders from the Japanese, who have also succeeded in making sizeable inroads into the International Settlement. The International Settlement at Amoy continues to exist only by the grace of the Japanese navy.

Hongkong is the last sizeable foreign thorn in the flesh of the Japanese empire builders in China, and it is likely that the Japanese are only awaiting more serious embarrassment of the British in Europe to sweep down on the British island colony in the Far East.

Mussolini's organ, the *Popolo d'Italia*, whose master always displays the greatest of courage when all odds

seem to be in his favor, openly urged the Japanese to occupy Hongkong in an editorial on May 31. "In the present decisive stage of international developments," the paper said, "it is imperative that Japan should occupy Hongkong. Politically this would mean war, but militarily it would merely require 24 hours and a few gunshots."

Japan undoubtedly would like to seize Hongkong at a time of Britain's greatest embarrassment, thus duplicating in the Far East the jackal role which Mussolini performed in Europe. But Japan has now to reckon not only with Britain but also with the United States where Hongkong is concerned, and it is this more than anything else which gives pause to the swashbuckling warlords of Nippon.

Since Britain is neither down nor out, it is not without the bounds of likelihood that the Japanese will try a

Driver and Driven?

Appearing in the local Japanese Army organ, the Tairiku Shimpo, this cartoon depicts Roosevelt, with Churchill, riding the democratic chariot and forcing the British and American public to pull.

"cold invasion" of Hongkong much after the style of the methods found effective in French Indo-China and which are now being tried, less successfully, with regard to the Netherlands Indies.

Mr. O. K. Yui, Political Vice-Minister of Finance in the Chungking government and formerly mayor of Shanghai, expressed this view in the Chinese capital recently after a sojourn in Hongkong, according to the *Kuo Min* agency. Mr. Yui said he did not believe the Japanese would use military force for the invasion of Hongkong, but would concentrate on economic penetration.

Circumstances favor tactics of this kind. Hongkong's trade, due both to the war in Europe and the Japanese blockade of the China coast, has been steadily declining for a long time and commodity prices are soaring sky-high. There is no remedy for this situation as long as Hongkong is virtually cut off from China, for the colony has practically lived, since its establishment a century ago, on the proceeds of its transhipment trade. The Japanese might agree to end or modify the colony's isolation from its regular trade channels in return for important concessions. And such concessions, in the nature of the case, would doom Hongkong to the fate of French Indo-China.

Apart from its strategic importance, both in the military and trade senses, Hongkong is the terminus of of the most important air service connecting Chungking with the outside world. It is also the western terminus of Pan-American Airways' Clipper service across the the Pacific. These two factors give the colony added importance in Japanese eyes. The British long ago announced, and have often repeated, that they will defend Hongkong to the last. And judging by the tremendous preparations that have been made, it is hardly likely that this is an empty bluff.

U.S.-British Extrality Move Ridiculed in Japanese Press

The American declaration of intention to relinquish exterritoriality in China "when peace is restored," aroused general animosity and ridicule in the press of Japan. The *Nichi-Nichi* said that the American offer was no more than a vain pledge....did Cordell Hull think he could enhance the morale of Chungking by such a vain proposal? Continuing, the Tokyo paper said that the main objective of Japan's new order in East Asia was to emancipate China from its semi-colonial status under Britain and America, "therefore there was an apparent contradiction in the fact that the United States, which assists the Chungking regime to resist the new order, pledges to return to Chungking America's exterritorial rights." Concluding, the editorial said that since Japan deems it the first prerequisite to the settlement of the China affair to destroy the Chungking regime, "it would be wise for Cordell Hull and Quo Tai-chi, China's new Foreign Minister, as well, to realize that the promises of the American Government to Chungking are of no meaning."

The *Kokumin*, in commenting on Secretary Hull's declaration, expressed wonder that the United States "actually believed that Chungking would ever defeat the Nanking Government which obviously was the only condition under which Mr. Hull's promise would work." The *Kokumin* concluded by warning the Japanese people against American interference in the Far East...."the mere fact that President Roosevelt did not touch directly on Japanese-American relations in his latest fireside chat, is no reason for optimism....it does not mean that he is afraid to stir up Japan nor does it mean a changed policy ....with both the United States and Britain preparing defensively and offensively everywhere in the Far East, Japan should be prepared for any eventuality."

The local Japanese military organ, *Tairiku Shimpo*, said that Secretary Hull's offer to Quo Tai-chi "clearly indicated the policy of the United States toward China ....to give as much as possible as long as such support is confined to words unaccompanied by material measures." Designating Secretary Hull's statement as "Sweet Words on Exterritoriality," the Hongkew paper said that the American Secretary of State's words, "may be construed only as a sort of greeting to Dr. Quo, who is on his way to Chungking to assume the portfolio of Foreign Affairs ....it was significant that Hull's promise was made conditional upon restoration of peace....which is clear evidence that Washington's promise to relinquish exterritoriality has nothing whatever to do with the present situation in China....Roosevelt in his latest fireside chat definitely relegated China to a secondary position with reference to American assistance....American aid to Chungking will be limited inasmuch as Britain will be the recipient of the bulk of U.S. aid." Concluding, the Japanese military organ admitted, however, that Secretary Hull's declaration had considerable significance in that it was addressed to the whole Chinese people, "hence should be considered an adroit stroke of diplomacy inasmuch as the U. S. Secretary of State fully appreciates the possible future trend of developments in China."

The *Central China Daily News*, personal organ of Wang Ching-wei, head of the Nanking regime, followed the same tone as the Japanese press, declaring that Mr. Hull's promise of abolition of exterritoriality reminds us of the same words used and the same promises made when China and the U.S. concluded the Sino-American Commercial Treaty before the establishment of the Chinese Republic....For forty years America has failed to keep her promise. For the purpose of making Chungking subservient to herself, the United States has reiterated the promise, which serves as a bait. If America has really the intention to abolish exterritoriality, she can do so immediately....Why should she attach to this promise a condition of time element?"

In further comment the Nanking organ said that Secretary Hull's declaration indicated that the United States "would not give up Chungking for the time being, since Chungking remains one of the markets for American munitions....America can still obtain much benefit from Chungking....Therefore we can imagine easily the real purpose of the departure of American air pilots for Chungking....America has no necessity to come into direct conflict with Japan and she is by no means suffering from an over-supply of pilots. Therefore why does she permit her pilots to go to the Far East? The answer

was provided in a *Reuter* report that the pilots were being sent for the protection of the Burma Road....hence American policy again is for the benefit of the American millionaires."

Secretary Hull's declaration was made in the form of an exchange of letters with Dr. Quo Tai-chi, new Chinese Minister of Foreign Affairs, prior to Dr. Quo's departure from the United States on his trip to Chungking to assume office. The letters were made public by Dr. Quo in San Francisco, prior to his sailing. On June 11, R. A. Butler, British Under-Secretary of State for Foreign Affairs, declared in the House of Commons that British policy "stood in line with that of the United States with regard to the abolition of exterritoriality. Mr. Butler said, "Yes, British policy remains as stated by the Premier last July, when he said that when Far Eastern peace had been restored, the British Government would be ready to negotiate with the Chinese Government for the abolition of exterritorial rights, rendition of Concessions and revision of treaties on the basis of reciprocity and equality."

Secretary Hull's letter to Foreign Minister Quo Tai chi, in part said:—

"It goes without saying that the Government of the United States, in continuation of steps already taken toward meeting China's aspirations for readjustment of anomalies in its international relations expects, when conditions of peace again prevail, to move rapidly by processes of orderly negotiation and agreement with the Chinese Government toward relinquishment of the last of certain rights of a special character which this country, together with other countries, long possessed in China by virtue of agreements providing for extraterritorial jurisdiction and related practices.

"This Government welcomes and encourages every advance made by lawful and orderly processes by any country toward conditions of peace, security, stability, justice and general welfare."

"Assurances given in Your Excellency's letter, under acknowledgement, that China supports the principles of equality of treatment and non-discrimination in economic relations should have a wholesome effect both during the present period of world conflict and when hostilities shall have ceased.

"The Government of the United States is dedicated to support the principles in which the people of this country believe."

Gangsterism and Racketeering In Western Police District

The official announcement of C. C. Pan, Commissioner of the Western District Special Police, on Friday, June 13, that he personally had arrested three detectives connected with his office whom he suspected of extortion, served to confirm reports which have appeared in the local newspapers regarding the condition of near anarchy which prevails in this area bordering on the International Settlement and French Concession.

According to Commissioner Pan's personal statement to the press, the three detectives whom he arrested were suspected of attempting to extort the sum of $50,000 from a Chinese named Chu Ping-shan of 76A Singapore Road. Mr. Chu reported the case to the Commissioner. The names of the detectives, as reported by the official Nanking *Central Press Service*, were Ku Yu-chuan, Ku Hung-liang and Chen Ciu-hsiang. The report claimed they had been sent to the Criminal Section of the Nantao Court for examination and trial.

The arrest of the detectives confirmed reports previously published in *The China Weekly Review* and other journals that only eight out of 65 detectives connected with the headquarters of the new police department at 75A Great Western Road receive regular salaries, the monthly payment being only $125 a month, equivalent to about US$7 at present rates of exchange. The remaining 75 detectives attached to the headquarters staff are forced to fend for themselves, which accounts for the racketeering activities which Commissioner Pan referred to in his statement.

While the gambling racket in the western or "badlands" area has received most attention, reports in Chinese police circles indicate that other forms of racketeering and criminality are equally serious. Most of these reports are concerned with the activities of the Nanking political agent, Woo Su Pao, who has charge of the notorious political headquarters at No. 76 Jessfield Road, which has long been the alleged center of the kidnapping evil. For example, one prominent Chinese who was held at No. 76 for a considerable period and forced to pay $300,000 for his release, told the Settlement authorities following his release of almost unbelievable happenings at that place. One of the reports was that large sums derived from extortion and kidnapping ransoms, of which wealthy Chinese in the Settlement are the chief victims, are regularly remitted to Nanking, with small "doles" being handed out to the detectives attached to the special police headquarters.

Since most of the criminality in the western district is allegedly centered at No. 76 Jessfield Road, foreign police officials connected with the Western District Special Police are said to have informed the Settlement police authorities that the re-establishment of normal conditions in that area is impossible so long as the Nanking headquarters is permitted to function there. While the new police department has been in existence for three months, little has been done to place it on an efficient basis. Foreign police officers, formerly connected with the Settlement police, who are attached to the headquarters staff of the new force, have been given no authority. It was reported that some of the men, fearing involvement in the racketeering that goes on in the district, have tendered their resignations.

There was a report in circulation in Chinese circles this week that Woo Su Pao vowed to "get" two foreign policemen connected with the Bubbling Well police station in retaliation for the killing of two of his private bodyguards who were involved in a shooting at the police barricade at the end of Bubbling Well Road. The shooting occurred on May 13 when a car containing a Chinese woman, with two guards carrying revolvers, attempted to pass through the barricade without stopping for inspection in accordance with police regulations. When the chauffeur of the car was ordered to stop, the guards opened fire on the municipal police, wounding one man, an American member of the force. The police returned the fire, killing the two bodyguards. The Chinese woman in the car, who was uninjured, was Mrs. Woo Su Pao. It was claimed that pamphlets containing Woo's threat to retaliate, were distributed in the western district.

The three months' probationary period, decided upon when the new police force was organized, expired on June 15. According to the original agrement there was to be a general reorganization of the new force at the end of the probationary period. Whether this is being done is not known. The chief difficulties as indicated in the foregoing, are lack of finance and interference by political agents of the Nanking regime.

According to a report in the Chinese papers on June 14 and 15 seven Chinese officials connected with the Shanghai District Court in Nantao have been arrested on a charge of theft of articles which had been placed in the custody of the court, including cash, silverware and other items which the police had recovered from robbers. The amount mentioned in the report was $50,000. All those arrested were officials or former officials of the Nantao Court.

There is considerable mystery regarding the report in Chinese newspapers that six editors and reporters on the staffs of the pro-Nanking newspapers, *Bing Pao* and *Kuo Min Daily News*, had been arrested by the so-called Special Service Corps of the Nanking Government on undisclosed charges. It was alleged that the men were accused of disclosing "secret news" concerning conditions at Nanking and also regarding an alleged plot to murder Ting Mou-tsang, Minister of Social Welfare, at Nanking. Two of the men arrested were Eai Sin-you and Yang Bing, members of the *Bing Pao*.

The police of the International Settlement, on the night of June 11, raided a gambling house which was operated by a Briton named William J. Hawkins (alias W. Knight). Hawkins received three months' imprisonment when arraigned before Registrar C. H. Haines in the British Police Court on Friday, June 13. The police raiding party was headed by Sub-Inspector H. E. Gill, who testified that roulette gambling was in progress. Another foreigner arrested was named Vincent Xavier, who claimed he was a patron of the place rather than a proprietor as reported in the newspapers..

Nineteen Chinese players, many of them women, who were arrested in the raid were brought before the First Special District Court in the International Settlement and after preliminary hearing were released on bail of $500 each. It was later reported that all had forfeited their bail by failure to appear in Court when the cases came up the following morning. The case attracted wide attention when reported in the *Shun Pao* and *Sin Wan Pao*, due to allegations that those arrested were members of families of prominent Chinese residents of the Settlement and French Concession. The players gave assumed names, but when they disclosed addresses of their homes

(all printed in the Chinese papers) it was alleged that they were homes of well-known local residents. The reports appeared in the Chinese papers on Friday, June 13.

An earlier report that all slot machines in territory under the jurisdiction of the Western District Special Police, had been closed, was later denied, and they still were in operation this week. The Japanese organ, *Shanghai Mainichi*, reported on June 17 that all gambling houses in the Nantao area had been ordered closed by the Shanghai Special Municipality, but the report could not be confirmed. All gambling houses in the Nantao area had previously been reported closed by the Nanking authorities through their official *Central Press Service*, but the report was found to be untrue. The large Chinese and foreign-operated gambling houses in the badlands, bordering the western residential area, which were closed on May 31 and June 2, were still closed when these paragraphs were written this week.

French Indo-China Under the Heel of Dai Nippon; Foreign Legion Suppresses Native Uprisings

EDITORIAL CORRESPONDENCE

Editor's Note: The following article has been written by a foreign businessman, of neutral nationality, who recently returned to Shanghai after spending a year in French Indo-China. During his stay there he traveled extensively and visited all parts of the country. His observations are those of an eye-witness.

"How strong is the De Gaullist movement in Indo-China?" People have frequently asked me this since I returned from the French colony. The answer is that there is no De Gaulle movement in Indo-China. There is plenty of pro-De Gaulle and pro-British *spirit*, but it has never materialized in an organized movement.

I estimate conservatively that 60 percent of the colony's French population are pro-British or pro-De Gaulle, yet anti-British and anti-American articles are daily featured in the papers of Hanoi and Saigon.

At least 90 percent of the French are violently anti-Japanese and are in favor of resistance to Japan, yet the colony behaves like a serf of Nippon.

This puzzling situation can be explained by America's and England's refusals to sell planes and munitions to Indo-China and by the spiritless attitude of the Hanoi government. If Britain and America had sold Indo-China war supplies when the French first asked for them, there is little doubt that the colony would have joined De Gaulle.

When the Japanese first presented demands on Indo-China shortly after the fall of France, General Catroux was Governor of the colony. He was a De Gaullist and the whole colony was fervently hoping that he would declare Indo-China for the Free French.

Catroux, who was one of the most popular governors the colony has had for years, asked Britain and the United States for aid against the Japanese. He was refused. Without planes and ammunition from Manila and Singapore, Indo-China could not fight the Japanese, even if assisted by China. Catroux realized this and decided that the colony was lost. He went to North Africa where he became commander-in-chief of the Free French forces. The population of Indo-China grieved the day he left. He was the only possible man who could have lead a De Gaullist Indo-China. They knew his departure meant that the democracies had refused to help the colony.

By asking the Germans to bring pressure on Vichy, the Japanese shortly afterwards made the Petain Government give its consent to the stationing of Japanese troops and planes in northern Indo-China. The Hanoi government decided to obey Vichy—and thus actually agreed to obey Japanese orders which were submitted via Berlin and Vichy.

From the day Japanese troops and planes were allowed in the colony, Indo-China lost its independence. By strengthening their troops in northern Indo-China and by sending squadrons of planes roaring over the palace of Governor-General Jean Decoux, the Japanese could make the French accept almost any demands.

But while Indo-China received the Japanese blows with her hands down a pro-British and pro-De Gaulle spirit continued to prevail among the French of the colony, whose hatred of the Japanese has been growing stronger day by day. For they know that the Japanese are working hand-in-glove with the Germans in making Vichy accept Japan's frequent and ever more-far-reaching demands on the helpless colony.

On New Year's eve I had dinner with eight French officers in a small town in northern Indo-China. When the clock struck twelve one of the officers stood up, lifted his glass, and said in a subdued voice: "Vive De Gaulle." "Vive De Gaulle, Vive Grand Bretaigne" they all answered in low voices.

The Hanoi government's conciliatory attitude toward the Japanese has disgusted the population, though many realize that without help from abroad, resistance is hopeless. Though the majority of the French population would love to tear the arrogant little Japanese to pieces, the government continually submits to outrageous insults by the Nipponese.

War Aims—Past and Present

ABSOLUTE FREEDOM OF THE SEAS
OPEN COVENANTS OF PEACE OPENLY ARRIVED AT; NO MORE SECRET DIPLOMACY!
REMOVAL OF ALL ECONOMIC BARRIERS SO FAR AS POSSIBLE
REDUCTION OF ARMAMENTS BY ALL NATIONS
PEOPLE'S OF ALSACE-LORRAINE TO BE GIVEN FREE AND UNFETTERED RIGHT TO DECIDE THEIR OWN DESTINY
EVACUATION OF ALL RUSSIAN TERRITORY
EVACUATION AND RESTORATION OF OCCUPIED BELGIUM
RESTORATION OF FRANCE AND ALSACE-LORRAINE TO FRANCE
AN INDEPENDENT POLISH STATE TO BE ESTABLISHED
DARDANELLES TO BE PERMANENTLY OPENED TO SHIPS OF ALL NATIONS
DEAR ME! WHY, THE ONLY ONE I'VE NOT BURIED IS MR. WILSON'S

Monument to Woodrow Wilson's "Fourteen Points" of the first World War is a graveyard.

McCutcheon in Chicago Tribune.

Will the monument to President Roosevelt's "Four Freedoms" be the same?

In Haiphong I once saw a French woman being slapped half a dozen times in the face by three Japanese soldiers. Two French officers were watching while the Japanese slapped her. Though it was beyond doubt that the Japanese had provoked the quarrel with the lady, she was ordered by the French Government to apologize to the Japanese. At least two dozen Frenchmen have been severely wounded by the rough Japanese in Haiphong and Hanoi. Although the Japanese were in the wrong in almost every case, the bruised Frenchmen were ordered to apologize.

An American journalist, Melville Jacoby, had to leave the French colony because General Sumita, head

of the Japanese mission, insisted that his presence in Indo-China offended the Japanese!

In both Haiphong and Hanoi, the Japanese are openly conducting anti-French propaganda among the natives. Over a barracks close to the Governor-General's palace in Hanoi flutters the banner of the rebels who deserted from the French army during the Langson fighting. The French know that the flag is there, they know that the leader of the Tonkin rebels lives inside the barracks and from there conducts subversive propaganda, but they dare not arrest him, for outside the barracks stand two Japanese guards.

Early this year I saw a circular letter, issued by the mayor of Haiphong to all French citizens in the harbor town. The letter ordered the French to give in to the Japanese regardless of the circumstances.

Hundreds of young Frenchmen who are disgusted with the Hanoi government's submission to the Japanese have schemed to flee from the colony and join the British, but of the few dozens who carried their plans into action, the majority are today imprisoned in Saigon and Hanoi.

Knowing that a large percentage of the army would like to flee and join the British or De Gaulle, the Government has strengthened all frontier guards and every ship that leaves Indo-China is searched by the police before it is released.

Besides, the government refuses men of military age permission to leave the colony, except if they go directly to France. The few who are allowed to go to America or Shanghai, must first sign a pledge promising never to fight for De Gaulle or the British.

Three young Frenchmen from Australia made a courageous and spectacular attempt to flee from Indo-China a few weeks ago. They were on leave from the army in Phnom Penh, capital of Cambodia, when they got together and planned to flee. On a moonless night they sneaked to the royal boathouse and stole the private motorboat of the King of Cambodia. They stored the fast boat up with gasoline and set off for Singapore. When they had almost reached the sea, the theft was discovered and a speedboat manned by armed sailors overtook them just as they were leaving the mouth of the Mekong.

About two months ago, two petty officers who were on their way from Marseilles to Saigon, decided to flee when their ship passed a British freighter. They jumped out into the shark-infested water and began swimming toward the British ship. However, they had misjudged the distance and were overtaken by a lifeboat from the French ship when they were only about a hundred strokes from the British freighter.

In March, four French soldiers left Cape Saint Jacques, outside Saigon, in a Chinese junk. They had planned to make for Singapore, but had hardly left when a storm overtook them. It is believed that they were all drowned, as none of them knew anything about sailing boats.

In February, two young aviators stole an old bomber from the Hanoi airfield and set off for Burma. Flying over the dense jungle in northern Siam, they discovered that there was no more gasoline left and made a forced landing only thirty kilometers from the Burma border.

The plane crashed, but they were unhurt and were immediately interned by the Siamese. However, a few days later they were both flying in the Royal Air Force in North Africa.

About half a dozen Frenchmen managed to escape across the Indo-China-Burma border and it is estimated that at least four escaped on foreign ships.

The nephew of Catroux, the former governor-general of Indo-China, who today is commander-in-chief of the Free French in Africa, was charged with making De Gaullist speches in public and sent to France for trial.

He left Saigon on the Messageries Maritime ship "Eridan" on the 26th of April, but hardly had the ship left Indo-China territorial waters when it was stopped by a British warship. The "Eridan" was allowed to proceed only after Catroux's nephew and his wife were on board the British craft.

Several months ago, four young Frenchmen were allowed to go to Shanghai after they had signed a pledge that they would never fight for De Gaulle or for the British. Upon reaching Shanghai, they took the first ship to Hongkong, where they joined the British army.

While the Japanese are most arrogant toward the French in northern Indo-China where Japanese troops are stationed, Saigon and southern Indo-China also suffer from the uncompromising Japanese attitude. By sending planes over Decoux's palace in Hanoi, the Japanese can force Saigon to accept almost any demands they make. Similarly, the Japanese can afford to be as arrogant as they please in Saigon, although they have no troops there.

Every petty sailor's quarrel in Saigon results in strong official Japanese protests, if any Japanese have been involved. It does not matter whether the Japanese provoked the quarrel or whether only Frenchmen were hurt. The Japanese always protest and the French must always apologize. The Japanese do not refrain from protesting in the middle of the night, and the protests are dragged out into hours and days.

No wonder, therefore, that Saigon officials sigh helplessly or tear their hair with despair when they see fat Colonel Saito, Saigon head of the Japanese Mission, and sly, smooth Consul-General Minoda, accompanied by a row of officers, enter their offices. They know only too well that when the Japanese come they will be pestered with silly complaints and demands for apologies for many hours to come.

Only in one case did I see a Frenchman getting the better of a Japanese in Indo-China. A Japanese officer bent in the main street of Saigon to tie his shoelace. A Frenchman who passed by could not resist the temptation and gave the Japanese a violent kick which sent him sprawling in the dust. Before the Japanese got up the offender had disappeared. This has happened three times in Saigon and the Japanese now take great care to tie their shoelaces twice before going out.

Everyone in Saigon knows that the Japanese will never pay for the colony's rice and rubber which they are now shipping to Japan in large quantities. But though Indo-China realizes that she is being robbed and ill-treated, she cannot do anything about it, for how could she fight the Japanese alone? It is a pity that all the pro-British spirit which exists in the colony is not being utilized because Britain and America refused to assist China. The government of Indo-China is today bitterly anti-British and anti-American and it is the government-owned papers in Saigon that carry the strongest anti-British and anti-American articles.

The large majority of the natives in Indo-China seem completely uninterested in what happens to their country. The northern natives have formed some anti-Japanese and anti-imperialist leagues, but they are so small that they are unimportant. Anyway, they are easily neutralized by the pro-Japanese clique which, however, will only operate as long as it receives money from the Japanese.

Though the Japanese conduct anti-French propaganda among the natives, they apparently do not want to kick the French out of Indo-China yet. Why should they? The French run the colony well for them and give the Japanese the rice and rubber which they want. Besides, Wang Ching-wei has already made it clear to the Japanese that it is very difficult to buy an effective puppet government.

The Communist uprisings which broke out in southern Indo-China last autumn were quickly drowned in blood. At least 1,000 natives were killed in punitive expeditions which the Foreign Legion conducted against the native insurgents. Executions of arrested Communists are still going on at the rate of four a day.

It is quite likely that these uprisings were inspired by Moscow's agitators, who for years have been active among the natives of southern Indo-China. The attack was well organized, as the insurgents nearly seized the Saigon airport. They attacked police stations and seized arms according to best Communist tactics. Also, they cut telephone wires and blocked roads.

But the French struck quickly and hard. The few planes which the French possessed bombed whole villages out of existence and the Foreign Legion attacked the natives with tanks, armored cars and artillery. The Foreign Legion troops who took part in this punitive expedition claim that they killed about 4,000 natives, but this number is probably exaggerated.

However, this Communist uprising must not be confused with a nationalist move. There might be such a

move in southern Indo-China, but it is not strong. The cultured natives were all educated in Frence and they are loyal to the French. The uneducated farmers do not care whom they are under. The native city dwellers do not love the French, but there is little doubt that they would rather remain under the French than be suppressed by the Japanese

LOCAL GOLD BAR MARKET NOW THE NUMBER ONE GAMBLING DEN

BY JOHN AHLERS

HIGHLY characteristic of the irresponsible gambling spirit manifest in wide circles of Shanghai capitalists are the recent mammoth transactions on the local gold bar exchange. Outside the gold bar market, its present extraordinary bearing upon general financial conditions seems to be hardly realized. Last year, the exchange market and the Stock Exchange were the favored playgrounds of local speculation. At present, it is primarily gold bars which attract the speculators. This fact is the more remarkable since private transactions in gold bullion are officially prohibited by both the Chungking and Nanking governments. Few actual gold bars are available here, normal trading in gold bars is not supposed to imply actual delivery of bars, and the gold bar market may be closed down at any time.

At the bottom of it all, of course, is the huge amount of idle Chinese capital hovering about Shanghai. This capital has been partly repatriated from the United States, partly was evacuated here from the Sterling bloc, and partly results from recent further withdrawals of capital from the Japanese-occupied interior. Reliable estimates put the amount of this capital at between $2,000,000,000 and $2,500,000,000, but some estimates have been as high as $6,000,000,000. The Chinese National Government, Wang Ching-wei's Nanking regime, and the Japanese all attempt to induce this idle capital to venture into their respective spheres of power. But Shanghai capitalists on the whole continue reluctant to forsake the comparative safety of this city, and among the various local speculative playthings they now definitely prefer the gold bar market.

A great deal has been written about the gambling dens in West Shanghai, but the gambling going on at present in the Shanghai gold bar market is so extensive as to make appear as a mere trifle the turnover even of such large gambling dens as the recently closed Chateau International. Gambling in the Shanghai gold bar market in recent months even dwarfed transactions in the local foreign exchange and stock markets. The Shanghai Stock Exchange in the second half of May reported a weekly turnover of a little more than $16,000,000. For the first week of June, this turnover recovered to slightly less than $30,000,000. But the gold bar market for months past experienced a daily turnover, recorded and unrecorded, of several tens of thousands of bars, priced each at some $6,500 in the average. A turnover of ten thousand bars amounts to $65,000,000. The gold bar market even overshadows the foreign exchange market where a recent oversold position of not far from U.S.$ 10,000,000 was entirely hedged by forward purchases of gold bars which still accounted for but a fraction of the gold bar market's turnover.

Gold bar experts estimated the amount of actual gold bars, of 10 oz. each, really available at Shanghai at no more than 5,000. Local overbought or oversold gold bar positions, however, frequently surpass 50,000 bars. Since gold bullion may be neither freely imported nor exported, and if smuggled is liable to confiscation by the Customs authorities, actual delivery of the bars transacted would be impossible except for a very small fraction of the amounts turned over. But this, in the eyes of speculators, is one of the advantages of the gold bar market. Trading is in "delivery orders" which are fictitious because it is understood that actual delivery neither will be offered nor demanded. The gold bar market thus cannot be cornered. When operators are out for a turnover in real bars, this intention has to be stated expressly in advance, and in this case prices are quoted substantially above the usual fictitious gold bar quotations. Such genuine gold bar transactions are few.

Other special facilities peculiar to the gold bar market include low rates of brokerage, narrow spreads between buying and selling quotations, small margins for security deposits, the absence of any investigation into the motives and financial circumstances of the operators, and easy "stop-loss orders." These facilities attract to the gold bar market more than a billion local dollars worth of Shanghai's idle capital, and a multitude of speculators large and small. Big operators turn over hundreds and even thousands of bars a day. Small-fry speculators buy and sell one, two or three bars at a time. The number of propertied Chinese women speculating in gold bars is remarkable. Shortlived groups of operators, formed for the purpose of a single ramp, push prices up and down sometimes in relation to the movement of exchange rates, but frequently without. Large disparities between local gold bar quotations and world market gold bullion prices have been experienced time and again.

The multitude of speculators is out, of course, not for investment but for differential gains. Each of the speculators is conceited enough to think himself slyer than anybody else. Besides, most of the speculators are encouraged by the recent firmness of Chinese national currency. They are bears on the bar market. They are convinced that nothing much can happen to the Chinese currency's foreign exchange value now, and that gold bar prices have little chance of rising considerably while a heavy drop may be anticipated any time the Chinese dollar firms up again. This multitude, therefore, on the whole is selling short gold bars. The buyers are much less numerous, and much more careful. They purchase forward gold bars as a hedge against forward sales of exchange in the regular exchange market, paying off losses in gold bars with earnings on foreign exchange.

High above these two groups, however, tower the real sharks of the gold bar market, the "insiders" among the big brokers and the group commonly referred to as the "West Shanghai interests." The big brokers through the huge turnover experience all-time record high earnings. There are about ten big brokers working the gold bar market whose earnings are estimated as high as between $4,000 and $5,000 each business day, with a capital required of but some $500,000. The "West Shanghai Interests" are formed by a financial group closely allied to the Wang Ching-wei regime, and with some of that regime's high dignitaries generally supposed to be financially interested in this group. The group is a powerful factor in the gold bar market, and has acquired a certain hold upon the large amounts of idle Shanghai capital which speculators, unaware of the background, turn over in gold bars. This is the one important financial field which the Wang Ching-wei regime has managed to edge into at Shanghai, but for the time being this is the most important field of financial operations here.

Other branches of Shanghai business, and especially of non-speculative regular business, would appear to be well advised to keep closer track of the developments in the gold bar market. New trends in that market, a major ramp or breakdown, a closing of the gold bar exchange, or a change in the general attitude and methods of gold bar speculators and operators, are bound greatly to affect the whole of Shanghai business because of the huge amount of capital involved.

Hupeh Embarked on Large-Scale Program of Economic Development, Reconstruction

BY WILLIAM CHANG

Like education and training of administrative personnel, economic reconstruction in Hupeh Province is being undertaken according to a coordinated program.

Plans are under way to organize a Hupeh Development Company to direct economic activities and develop natural resources. With headquarters temporarily fixed at Enshih, the company will have a capital of $50,000,000 furnished by central government financial institutions and the provincial government. Its activities will include the development of machine, chemical and metallurgical industries, mining, transportation and other enterprises.

Many Improvements

Aside from this program of a planned economy, economic reconstruction is being carried on in the province in several ways. Communications have been improved by the extension of long-distance telephone service to the remote districts. Hydraulic engineers are engaged in dredging the numerous rivers in western and northern Hupeh, for the sake of both communications and irrigation. Rural credits have been raised to $20,000,000, half of it to be devoted to farm irrigation loans. The department of reconstruction's 1941 program emphasizes the building of dykes, wells and dams in the *hsien*.

In the field of agriculture and forestry, the provincial agricultural college, which has many American-trained farm experts, introduces improved seeds and fertilizers, intensive farming, and experimental farms and orchards. Special attention is given to increased production of food crops, cotton, tea and wood oil. Tea plantations are handled jointly by the department and the China National Tea Corporation, with considerable success. Efforts are being made to improve quality for export.

Wood Oil Production

Wood oil production in Hupeh is only next to Szechwan and Hunan in quantity. The Fooshing Trading Company of the Ministry of Finance and the Hupeh Provincial Bank jointly organized the Hupeh Wood Oil Trading Company, capitalized at $1,000,000 for wholesale purchasing and marketing of that commodity. Between January, 1939 and June, 1940, it collected and shipped for export abroad 168,000 piculs of wood oil. The Fooshing Trading Company has subsidized Hupeh farmers with $100,000 to buy more seeds, fertilizers and land for planting wood oil trees. Reforestation and promotion of animal husbandry have been started.

The reconstruction department assists in mining, financially and by solving transportation problems. Moreover, the provincial government cooperates with the Geological Institute of the Academia Sinica in surveys of mineral resources in western and northern Hupeh and in making preliminary tests of ores. The provincial government encourages private investments in industry, especially in plants making military supplies and daily necessities. Weights and other units of measurement have been standardized according to regulations of the Ministry of Economic Affairs. Factories are being built by way of industrial promotion. Already established are a cotton mill with 10,000 spindles, jointly capitalized by the reconstruction department and the Bank of China at $2,000,000; a machine shop with 37 machines valued at $300,000; a paper mill producing 36,000 reams of paper and newsprint a year; and several others.

Cracked Wheat in Interior China

Picture shows a consignment of cracked wheat, gift of the American Red Cross, arriving at the Christian Mission Distributing Center in Hofei, Anhwei province. The cereal is used to feed hungry Chinese victims of Japanese aggression.

The main task for the Hupeh provincial highway bureau is the building of pedestrian and caravan routes over the mountainous areas, as the construction of modern motor roads has had to be suspended because of military necessity. At the end of April, 1941, the bureau had only 690 kilometers of highways open for traffic. Of the total, 343 kilometers belong to the only highway operating regularly in free Hupeh province. The remaining 347 kilometers are found in northern Hupeh province. All these routes, because of their proximity to the War Area under the command of General Li Tsung-jen, maintain only a rough surface for temporary service. They can be destroyed at a moment's notice.

The provincial government spent $1,400,000 for road repair on the 690 kilometers of highways last year. The highway bureau plans further to improve the service on the section which curves its way over the 5,000-feet-high mountains from the foot of the Yangtsze Gorges to the Wuling ranges on the Hupeh-Hunan-Szechwan border. When circumstances permit, the roads in northern Hupeh will also be improved and communications between northern and western Hupeh strengthened.

Stage Transportation

The Chinese Postal Administration maintains a stage transportation line between Enshih and Wanhsien which is usually the fastest mail line between Szechwan and western Hupeh. The 200-kilometer distance is covered by mail-carriers in 56 hours by relay system.

The main concern of the highway bureau is the development of pedestrian and caravan routes between *hsien* and between Hupeh and neighboring provinces. While the bureau has only 690 kilometers of motor roads in areas not affected by the war, it operates 2,787 kilometers of stage transportation lines in places where highways have been torn up because of military necessity, or in remote regions where new roads have not yet been built.

So far the biggest achievement in caravan service is the completion of a caravan road from the Yangtsze to northern Hupeh where it links up with a motor highway. The cost, totalling $448,000, was paid by the Central Government. The central and the provincial authorities are also assisting the *hsien* governments of Enshih and Lichuan to improve the stage transportation line between Enshih and the river pending the construction of a highway.

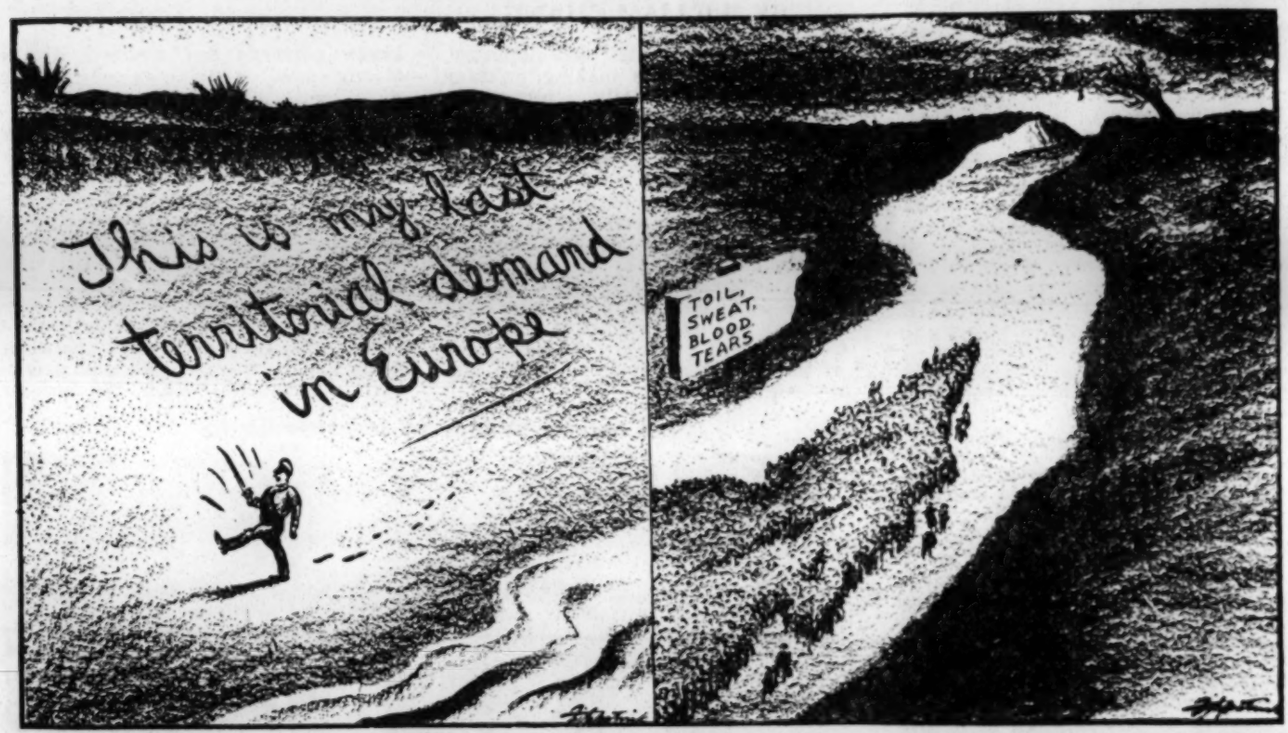
Caravan Routes

The bureau is planning to establish eighteen main stage transportation lines in western and northern Hupeh. They are to cover 3,500 kilometers with 187 stations on them. The provincial government has ordered the *hsien* governments to replace the destroyed highways by caravan routes

(Continued on Page 93)

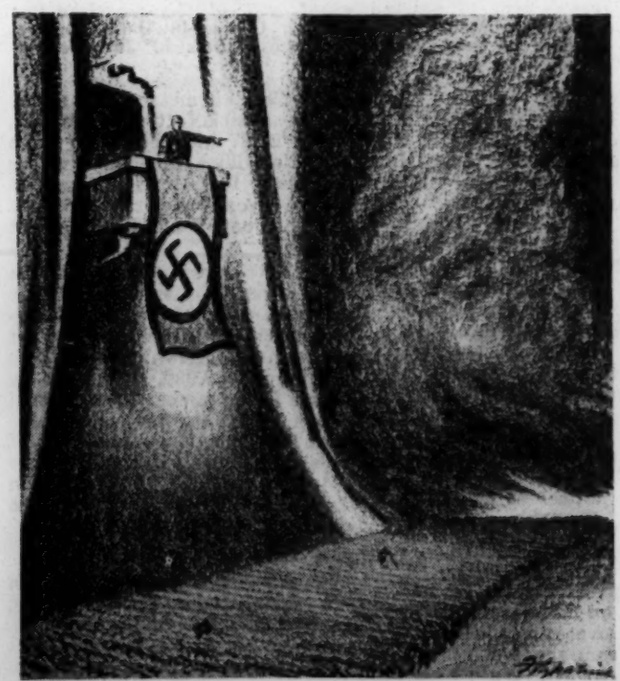
PICTURES AND CARTOONS FROM A WORLD IN CONFLICT

Fitzpatrick's Universal Cartoon Appeal



Daniel R. Fitzpatrick, cartoonist on the St. Louis Post-Dispatch, has won world-wide attention for his cartoons on the war which have stirred peoples wherever they have been seen. Fitzpatrick's cartoons have appeared in newspapers everywhere and in 1926 won the Pulitzer Prize. Recently an exhibition of 50 of his best drawings attracted wide attention at an exhibition under the auspices of the Associated American Artists' Galleries in New York. The cartoon on the left was entitled, "For How Long?" and referred to Hitler's broken promises. The cartoon appeared in 1938. The one on the right refers to Churchill's prophesy for Britain in 1941, and was entitled, "The Road Ahead."

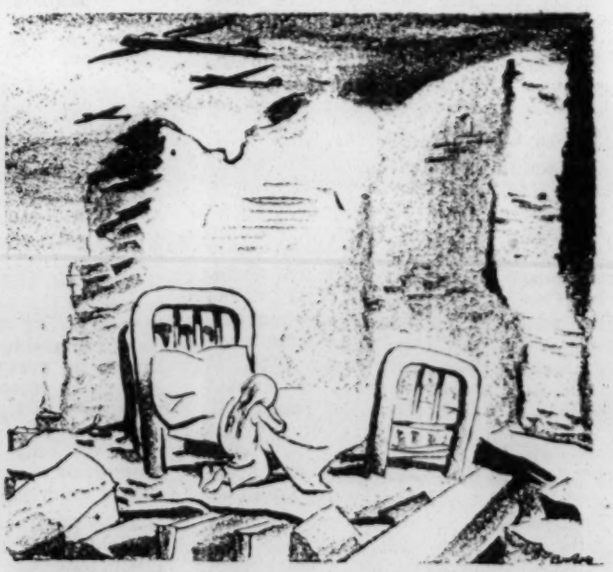
Adolf's Life Ambition



St. Louis Post-Dispatch.

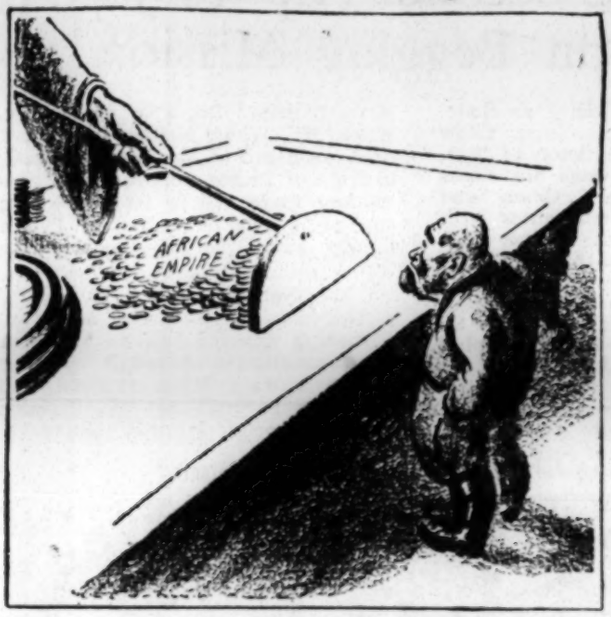
"One Man's Power in the Fascist State."

"If I Should Die Before I Wake..."



Jacob Burch, cartoonist on the Chicago Times, was awarded the annual Pulitzer prize of US$500 by the School of Journalism of Columbia University, for the above as the best cartoon of the year. The cartoon was published in The Times on June 2. It depicts a child saying its prayer in the corner of what was once the child's bedroom in a house that had been wrecked by airbombs.

"History in the Making"



Fitzpatrick in St. Louis Post— Dispatch.

"Dirty Dealings"

Illingsworth in London Daily Mail.

The Broken Treasure

Sydney (Australia) Sun.

The maid (Mussolini): "It came apart in me 'ands, Missus."

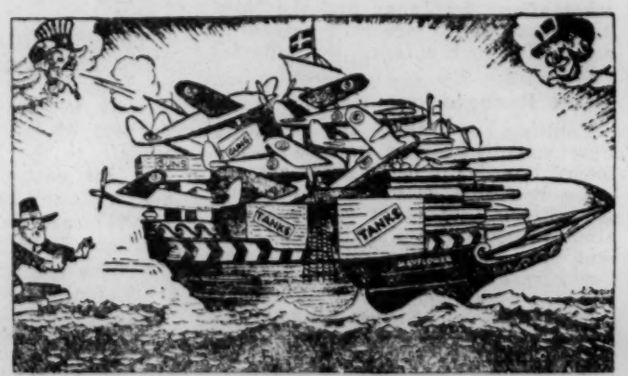
Singing for China

Four attractive Chinese young ladies in San Francisco, conduct a good-will musical program over KGEI (Treasure Island) station nightly, from 12 to 1 a.m., Pacific standard time. The program is fostered by American General Electric and consists of Chinese operas, music, newscasts and special events in both Cantonese and Mandarin. The program was arranged by Chinese Six Companies, San Francisco.

Silent Night

Chicago Daily News

The Mayflower Returns



Manchester (England) Dispatch.

Wang Ching-wei Makes His Second Trip to Japan; Chungking Sees Him on Begging Mission

Wang Ching-wei, head of the Nanking Government, left Shanghai for Tokyo on June 14 with ministers and officials of the Nanking regime, this being his second visit to Japan since his flight from Chungking. He came to Shanghai secretly and the Japanese announced his trip only after he was safely on board ship.

In a brief statment, the Cabinet Board of Information in Tokyo stressed that the visit was being made for the purpose of discussing ways and means of strengthing cooperation between the Japanese government and the Nanking regime.

The real purposes of the visit were shrouded in secrecy. Only bare details were contained in the official announcements, and no comments were made by official circles. But Japanese and Nanking circles "warmly welcomed the announcement of Mr. Wang's visit, pointing out that it was an indication of the renewed offensive against the Chinese Government at Chungking."

Further Cooperation

Mr. Wang left Shanghai for Japan aboard the s.s. Yawata Maru, accompanied by 10 high officials of the Nanking government, including Chow Fu-hai, Minister of Finance and concurrently Vice-President of the Executive Yuan. The Nanking regime announced that the visit was to reciprocate the good will that had been shown by various quarters in Japan since the establishment of the Nanking Government and to enable Wang to converse with Japanese leaders regarding further cooperation between Japan and "occupied" China.

Wang, it was officially announced, would disembark at Kobe on June 16, reach Tokyo the following day and meet Emperor Hirohito on June 18, in his capacity as President of the National Government at Nanking. A conference with the Japanese Premier, Prince Konoye; Mr. Matsuoka, the Japanese Foreign Minister; and the War, Navy, and Finance Ministers of the Japanese Government, was to take place on June 19.

Commenting on the impending visit of Wang Ching-wei, the Tokyo *Nichi Nichi* declared that this should be an opportune time for Germany and Italy to recognize formally the National Government of China at Nanking. "General peace in China cannot be accomplished within one day. Constant efforts by Japan and the Nanking Government are still needed to accomplish such a task," the editorial asserted.

Want Recognition

Pointing out that the Nanking Government's prestige must be strengthened in order to bring about general peace in China as early as possible, the editorial said that "since Japan already recognized Nanking, the present time should be opportune for Germany and Italy to recognize the Nanking Government".

The *Nichi Nichi* correspondent accompanying Wang's party on board the Yawata Maru also reported that, paralleling Wang's talks with Japanese leaders in his capacity as chairman of the Executive Yuan, Chow Fu-hai, Nanking's Minister of Finance, is expected to work out closer economic ties between China and Japan through his conferences with financial authorities in Tokyo. The correspondent declared that Mr. Chow may remain in Tokyo after Wang's departure in order to continue financial conversations which may have an important bearing on Nanking's plan for formulating a national budget for the second fiscal term.

In contrast to the exaltation of Nanking and Japanese circles, the Chinese press at Chungking interpreted Wang's trip as "another begging mission." Chungking officials remained completely indifferent to Wang's Tokyo trip, reports by *Havas* stated. These officials are of the opinion that, since Japan was unable to win a military decision in China, she would also be unable to consolidate the position of the Nanking regime, and whatever Japan's attitude toward Mr. Wang, there can be no change in the present military stalemate, the reports added.

The influential Chinese Daily, *Ta Kung Pao*, wrote: "In an interview on June 12, Mr. Wang Ching-wei is alleged to have explained that the purpose of his visit to Tokyo is to explain to the Japanese Government that his government in Nanking is not without power. Meanwhile, Mr. Honda urged Tokyo to strengthen the position of the Nanking Government.

"There are indications that Japan is gradually losing confidence in Mr. Wang Ching-wei. Japanese leaders like Prince Konoye, the Premier, and Mr. Matsuoka, the Foreign Minister, had too much hope in Mr. Wang, but all their hopes failed to materialize. When Mr. Wang visited Tokyo last time, we heard of Mr. Wang weeping in front of Prince Konoye. This time we fear there will be more weeping, not only by Mr. Wang but by Prince Konoye also," the paper concluded.

Speetacular preparations for greeting the Nanking leader, *Domei* reported, had been completed in Japan. A rousing welcome awaited Wang in Kobe, multitudes of people cheering as the Yawata Maru steamed into port. Representatives of Premier Konoye, Foreign Minister Matsuoka, and also those of other ministries, as well as prefectural and municipal leaders, greeted the visitor on landing.

Further reports from *Domei* disclosed that the Kasumigaseki palace had undergone a face-lifting in order to be ready for the visitor from Nanking. Mr. Wang, it was stated, will be the first foreign guest to occupy the palace since the visit of the late Siamese ruler, King Prajadhipok, and his consort in April, 1932.

Wang Ching-wei En Route to Japan

Press Union photo.

Wearing his most ingratiating puppet smile, Wang Ching-wei, head of the Nanking puppet government, is pictured aboard the N.Y.K. liner Yawata Maru, in conversation with Admiral Shigetaro Shimada, commander of Japan's China Seas Fleet, prior to sailing for Japan on June 14.

Roosevelt Issues Appeal Against Race Prejudice

Disclosing that he had received complaints of nation-wide discrimination against negroes in defense industries of the United States, and of discrimination to a lesser degree against other racial minorities, President Roosevelt stated early this week that he had called upon the Office of Production Management to take the lead in "opening the doors of employment to all loyal qualified workers, regardless of race, origin or color," Domei reported from Washington. The President said this was a matter of grave national importance.

Hashimoto is Intriguer Pushing Japan Along the Path of Dictatorship, Foreign Adventures

With Japan meditating over the question of going to war or remaining at peace with the Netherlands East Indies, following breakdown of trade negotiations, Japan's chief fascist leaders, Kingoro Hashimoto and Toshio Shiratori, can be depended upon to be employing all the forces of power politics—intrigues, threats, blackmail, cultivations—in an effort to involve their country in a Japanese-Dutch conflict.

Gains, imaginary and real, personal and national, which these Nazi-aping politicians anticipate from such a war, which would probably set the whole Pacific aflame, include the aggrandizement of Japan in the East and the South Seas; the firm establishment of a totalitarian state through a "war-required" abolition of Japan's democratic constitution of 1889; perhaps even the removal of the middle-of-the-road Emperor Hirohito, and the establishment of themselves in high commanding positions where they could control their German-modeled state and could wreak vengeance on political opponents.

Foe of Liberalism

The Army-backed fascist leader, Colonel Kingoro Hashimoto, who has been dubbed "the most dangerous figure who has ever come into the field of extremist agitation," is one of the most potent foes of all shades of liberalism in the "Land of the Rising Sun."

At the movent, he remains a behind-the-scenes manipulator of weak officials such as Premier Konoye, having been driven backstage by liberal opponents of his lawless tactics. He has no prompter's temperament, however, and consequently can be expected to force himself to the forefront of the political stage in a major role whenever opportunity arises.

Hashimoto learned the rudiments of political insurgence during the 1917 Bolshevik uprising in Russia, at which time he was a Japanese military atache there. He became a "Master" of intrigue in the 1932 Manchurian affair, which he helped foment. Since those days, he has intrigued in his own land, having helped organize the nation-shaking February Revolt of 1936 and the abortive coup of July 5, 1940, just recently revealed by Wilfred Fleisher, managing editor of the **Japan Advertiser** for 10 years.

Mildly Punished

Colonel Hashimoto, although cashiered for his actions at infrequent intervals, has been a fortunate insurgent who has never experienced the punishment he deserved for his crimes. In chastisement for his part in the bloody February Revolt, he was only publicly admonished and discharged from the army, although his co-plotters were sentenced to face a firing squad.

Later, after reinstatement in the army because of the shortage of officers when the 1937 hostilities broke out in China, he again received slight punishment when he came into disgrace by ordering his gunners and the air squadron under his command to fire on the British gunboats Ladybird, Scarab and Bee and the American patrol boat, Panay, which was sunk in the Yangtsze River near Nanking. This action, although constituting a violation of High Command instructions, was punished only with a second dismissal from the army.

Again, this last year, when members of the reactionary "God-sent Troops" were caught plotting to assassinate former Premier Mitsumasa Yonai and the director of the Imperial Household, Tsuneo Matsudaira, the fiery colonel who had organized the revolt was not among the 38 plotters arrested. He received no punishment for his part in the affair.

Because of his daring, ruthlessness, sinister ability, sizeable backing among army men, and his powerful "Japan Youth Party" which resembles Hitler's Elite Guards and numbers more than 100,000 reservists, Hashimoto is a figure Japanese liberals, including the Emperor himself, have cause to fear.

Wants Totalitarianism

The ultimate goal sought by Hashimoto is the establishment of a firm totalitarian state in Japan. The first major step in this direction, and one of the hardest, was the recent dissolution of all political parties including the powerful Seiyukai and Minseito. This has made the Imperial Diet merely a rubber stamp.

Japan's No. 1 Fascist

Time-International.

Col. Kingoro Hashimoto, who ordered, allegedly on his own initiative, his artillery and air-squadron to fire on, and sink, the U.S.S. Panay and the British gunboats, Ladybird, Scarab and Bee. His activities are described in the accompanying article, summarized from an account by Wilfrid Fleisher, which appeared in Time last Dec. 2. Mr. Fleisher and his father, B. W. Fleisher, published the Japan Advertiser, well-known American paper in Tokyo, which they were compelled to relinquish because of Japanese military and Nazi pressure.

Before self-styled "Watch me, Hashimoto," acting as the "brain trust" behind Premier Konoye, can become Japan's "Fuehrer," however, he must control the Privy Council and Emperor Hirohito. The domination of the Emperor may not prove an easy task since he has become accustomed to exercising his own faculties in judging any situation. But the way is partly prepared for a fascist coup in the Imperial Court. The highest personal adviser to the Emperor is now Konoye's friend, Marquis K. Kido, who has just replaced a conservative dignitary as Lord Keeper of the Privy Seal. Should the Emperor object to the government's conduct despite the advice of Kido, he could conceivably be dethroned on a charge of insanity—like his father; or meet a strange, sudden death—like his great-grandfather; leaving as his heir a pliable seven-year-old child who could easily be controlled by a regent.

A personal motive also enters into the Colonel's hatred for the old order represented by his superiors and Emperor Hirohito. This springs from the punishment of his crimes by superiors, primarily the Emperor. It was the "Son of Heaven" who really ordered the military tribunal to retire Hashimoto from the army for participation in the February Revolt. It was also he who, a second time, got the proud Colonel retired following the Panay sinking. That the ardent plotter has not forgotten these irritations is evident from his public attacks against his superiors who "so rigidly" punished him for his misdeeds.

Public utterances reveal the extremist program Hashimoto has planned for Japan. He advocates arbitrary control of domestic affairs by a single executive body, without having political authority diverted into many branches of the government as they now are. He favors increased conscription of labor and property and the placing of added restrictions on selfish war profiteering industries in an effort to augment the war effort. He favors immediate seizure of the Netherlands East Indies as a step toward the establishment of Nippon as overlord of the Orient. He further favors the immediate wiping out of British and American interests in China to insure Japan's domination of the "Flowery Kingdom."

Another Firebrand

Another scarcely less dangerous Fascist advocate of Japanese aggrandizement at the expense of China, the Netherlands, Britain and America, is Toshio Shiratori, 53, a long-time campaigner for South Sea expansion. At the present time his great political power in Japan is camouflaged under the title of Diplomatic Adviser to the Foreign Office. He is said to be the man who gets behind Matsuoka and pushes. If he has his way in the present crisis over the Netherlands Indies trade negotiations, Japan will send her navy south to force a showdown with the Batavia Government.

Shiratori, successively Japan's minister to Sweden, Norway, Denmark, Finland, and then ambassador to Italy, has for years propagandized his countrymen and the army in favor of imperialism, anti-liberalism, and totalitarianism. While in Italy, he spent a large part of his time flooding his country with Fascist literature. He is violently antagonistic to the United States, is credited with propelling Matsuoka along his course of Axis collaboration, is said to be responsible for the ousting of the pro-Anglo-American bloc in Tokyo, and was a leading advocate of the Anti-Comintern Pact of 1936. It was he, also, who worked with German Ambassador Eugen Ott in concluding the Tripartite Alliance.

Wants Showdown With U. S.

Toshio Shiratori thirsts for a showdown with the United States and has stated that the construction of the New Order in East Asia will probably lead to a 100-year war with America. Since most things that Shiratori has worked for have come about, the opening shots of the Japanese-American showdown may be fired in the Dutch East Indies.

Fascist control of Japan has become easier with the death of Prince Kimmochi Saionji, 91, last of the Genro or Elder Statesmen. He was a powerful liberal who was consulted at least 15 times in connection with the selection of a new Premier. In most of these consulations, he was credited with naming the new incumbent. Being no extremist, he helped keep Japan on a sane foreign and a liberal domestic course. But Saionji is gone and there is no equally influential figure in Japanese political life to bar the path to fascist totalitarianism and the military adventurism which is its inevitable accompaniment

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FAIRBANKS, MORSE & COMPANY, INC. .. St

THE FOOTE COMPANY INC. .. .. Co
THE FOSDICK MACHINE TOOL CO. .. .. R

THE FRENCH OIL MACHINERY CO. .. .. Oi

THE GALION IRON WORKS & MFG. CO. .. R

GENERAL RAILWAY CO. .. .. R
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HANCHET MANUFACTURING CO. .. .. .. G

HERSEY MANUFACTURING COMPANY .. .. W
THE ILLINOIS POWDER MFG. CO. .. .. .. E
THE KENNEDY VALVE MFG. CO. V
KISCO BOILER & ENGINEERING CO. .. .. S

LAKE SHORE ENGINEERING COMPANY .. M

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LIMA LOCOMOTIVE WORKS INC. .. .. .. S
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French Lawyer, Japanese Police Official Murdered by Terrorists

Terrorists in Shanghai lashed out against foreigners this week, killing Baron R. D'Auxion de Ruffe, French lawyer, author and publisher, and Chikayuki Akagi, Special Deputy Commissioner of the Shanghai Municipal Police.

Baron de Ruffe, while ascending the stairs to his office on the second floor of St. Anne's Building, 25 Rue du Consulat, was fatally wounded by two Chinese gunmen who fired at him from behind.

According to a Chinese eyewitness, the gunmen fired four shots at the Baron, two of which lodged in his skull, one in his body. Then the terrorists, hiding the weapons beneath their long Chinese gowns, walked out of the building to disappear in the crowded street.

Long in Far East

Baron de Ruffe was born in Paris in 1889, studied law at Sorbonne University and came to the Orient in 1908 as judge in the Court of Justice at Saigon. He came on to Shanghai in 1910 but returned to France to fight in the World War where he was awarded the Medaille Militaire, the Croix de Guerre and the Medal of Verdun.

In addition to practicing law in this city, the Baron had been legal advisor to the puppet Mayor Fu Siao-en, who was killed a few months ago. He was the author of many books on Far Eastern affairs and published the French-English magazine, *Extreme Orient*. He was also known as a supporter of the Vichy government in France.

Mr. Chikayuki Akagi, Japanese Special Deputy Commissioner of the Shanghai Municipal Police, was shot and fatally wounded by four Chinese gunmen while passing the corner of Yu Yuen and Tifeng Roads in his car on June 17.

Commissioner Akagi was taking his wife to the Country Hospital when the four Chinese without warning fired nearly 15 shots into his car. He at once slumped to the seat, bleeding from numerous bullet wounds, although neither his wife nor his chauffeur were hit. He died soon after arrival at the Country Hospital.

Two Gunmen Nabbed

Two of the attackers managed to escape but the other two were arrested in the shooting by Chief Inspector Sharrock and a Chinese constable of the Western District Police. The gunmen were handed over to the Japanese gendarmerie.

Akagi was head of the Japanese consular police here for six years and was later chief of the documentary division of the Ministry of Overseas Affairs in Tokyo. He was appointed Special Deputy Commissioner of the Settlement police in 1938 on the recommendation of the Japanese consulate.

An earlier attack against an important Japanese was made on June 12 when a high explosive bomb was set off at 112 Route Pere Robert, the residence of Mr. Yuaturo Hanawa, manager of the Mitsui Bussan Kaisha, and a member of the Shanghai Municipal Council.

Gangsterism of the movie type moved into Shanghai with the organization of a large Korean "protection" gang which is demanding squeeze from local cabaret and theater owners. Two explosions of smoke bombs in the Metropol Theater are attributed to an unsuccessful attempt to get the management to "pay up."

Three Chinese, thought to be minor members of the gang, were caught by police at Woosung on June 15 following a June 12 nuisance bombing of the Metropol. The trio was apprehended when they asked extortion money to prevent further attacks on the local theater.

More profitable to the gang, however, is the "shake-down" of badlands cabarets. In one instance, it was learned that a cabaret on Yu Ya-ching Road was paying as high as $400 a day for "protection." This particular night club, fearful of attack, has been forced to pay regularly for two months.

Meanwhile, Commissioner Pan of of the Western Area Police Force, on June 12 made another of his periodic publicity statements concerning crime clean-up in the "badlands." Said he: "We are determined to make the badlands into goodlands and we shall free the area from all gambling, vice, and crime."

Killed

Baron d'Auxion de Ruffe

Ickes Halts Shipment Of Oil to Nippon

Talk of an imminent embargo on shipments of petroleum produts to Japan were revived this week with a report from Washington that Secretary of the Interior Harold Ickes had ordered the halting of a shipment of 252,000 gallons of lubricants to Japan aboard the s.s. Azuma Maru. The shipment was to have been made from Philadelphia.

A spokesman of the Department of Interior said there was no question of international policy involved in Mr. Ickes' order, which was a result of a threatened oil shortage on the Atlantic seaboard.

Last week, eleven civic organizations in Chungking sent a joint appeal to President Roosevelt, urging him to ban the sale and shipment of American aviation gasoline to Japan, since Japan is using the gasoline for "indiscriminate bombings of open Chinese cities."

Nylon is Successful After Year's Trial

The new silk substitute, Nylon, made from bituminous coal, air and water, has completed a full year's trial and has been accepted by the retail trade of the United States, according to an article in **Business Week**, June 10. When women's full-fashioned hose, woven from Nylon thread, were first placed on the market a year ago it was thought the new invention might capture 5 percent of the department store trade in silk hosiery. However, the new product caught the popular fancy to such an extent that sales in 1940 reached 7 percent of all sales and were expected to capture 20 percent of the trade in 1941. All Nylon yarns are now produced at one plant, owned by E. I. du Pont de Nemours and Company at Seaford, Delaware, but an additional plant will be constructed at Martinsville, Virginia immediately, according to the report. An addition to the original plant, completed early this year, has a capacity of about 8,000,000 lbs. annually. The second complete plant will be in operation early in 1942.

About 85 percent of production of Nylon yarn goes into production of hosiery and most of the remainder into bristles for tooth-brushes. One brand of tooth-brush, known as Dr. West's, which uses Nylon bristles, has been quite successful. It was estimated that most tooth-brushes made in the United States would soon use Nylon bristles exclusively.

Other articles now being made of Nylon include various articles of women's clothing such as anklets, slips, bras, panties, foundation garments, dress fabrics and raincoats; men's hosiery, ties, raincoats; industrial articles such as webbing, wire insulation and cordage, filter-fabrics; miscellaneous articles such as umbrellas, shower curtains, sewing thread, bead cords, medical sutures, fishing tackle, toilet brushes, industrial brushes, strings for tennis and badminton racquets, fishing leaders and monofil surgical sutures. Other uses include army parachutes, for which it is said to be superior to silk—so superior in fact that there are rumors the War Department might take over the entire production for that purpose. However, the company denied this report.

The silk substitute has been so successful that the company's chief problem has been to meet demand. Some lines, offering practically unlimited opportunities, have not advanced beyond the experimental stage, due to inability to produce sufficient yarn. This was true in the production of velvet fabrics, where Nylon was found to be greatly superior to silk because of its freedom from velvet's tendency to crush and wrinkle. Another unexpected use is a substitute for Japanese silk in the manufacture of paper used for the printing of American dollar bills.

Japan Plans 'Treat' for Economical Taxi Drivers

Tokyo taxi drivers who get the most mileage out of a gallon of gasoline are to be given a strange kind of "free vacation" by the traffic section of the Metropolitan Police Board, **Havas** reported on June 14. Drivers winning these free vacations will be sent to agrarian districts to help farmers in their work and improve their health, the report stated. How the taxi drivers view the scheme has not been disclosed.

H.M.S. Ladybird Goes To a Watery Grave

Unable to fight off a 47-plane German dive-bomber attack, the former Yangtsze River patrol boat, H.M.S. Ladybird, commanded by J. F. Blackburn, was sunk during a terrific Nazi aerial assault on Tobruk recently, it was revealed on June 13.

The Ladybird, a 650-ton vessel armed with two 6-inch guns and one 3-inch high-angle gun, was anchored off the harbor mouth of the British-held Italian port when waves of German dive-bombers attacked it. The gunboat was hit on the stern by a heavy bomb while a big fire was started amidships. The ship burned and sank the following afternoon. Three men were killed and 25 wounded during the battle.

The Ladybird was well known to residents of Shanghai and other parts of China, having been stationed with the Yangtsze patrol until it joined the Mediterranean fleet in the summer of 1940. While on patrol near Nanking during the early stages of the present Sino-Japanese hostilities, the vessel was bombed by Japanese planes and fired at by Nipponese shore batteries. During its brief career in the European War, it participated in the shelling of Tobruk and weathered one of the worst storms that the Mediterranean has ever known.

German Grand Fleet Gets New Commander

Admiral Otto Schniewind, chief of the naval staff, has been appointed commander-in-chief of the German Grand Fleet in succession to Admiral Guenther Luetjens who lost his life when the German battleship Bismarck was sunk by British naval action in the Atlantic on May 26.

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Briton Tells Why Hess Fled Germany

Deputy Fuehrer Rudolf Hess, whose airplane flight from Nazi Germany to Scotland last month provided one of the major sensations of World War II, was in the news again this week after a lengthy silence on the subject both in Germany and in England.

A **United Press** dispatch from Glasgow last Sunday credited Sir Patrick

Mystery Man Hess

Adolf Hitler's best friend—Rudolf Hess—was the first to revolt successfully against him, according to Time, adding that Hess' flight to Scotland "was the most extraordinary story of the world's most extraordinary war." And not the least extraordinary has been the way the story dropped out of the newspapers. Some writers said the flight of Hess to Britain was as if Roosevelt's trusted Harry Hopkins, or Prime Minister Churchill's Anthony Eden, had suddenly deserted and flown to Germany. However, the Orient did provide a parallel, the desertion by Wang Ching-wei, trusted Kuomintang executive, of his long-time superior and associate Chiang Kai-shek. Wang didn't fly to Japan directly, but he went to Tokyo later and has enjoyed the protection of the Japanese Army since he left the national capital, Chungking. Wang is now in Tokyo on a second trip. However, the British are said to have confined Hess to a concentration camp.

Dollan, Lord Provost of Glasgow, with the information that Hess had told British government officials that unless Britain accepted peace terms proposed by the Axis, Germany would enter into a military alliance with Soviet Russia. Sir Patrick disclosed the information when addressing a War Weapons Week meeting.

Sir Patrick had declared the previous week, **United Press** said, that Hess had taken peace proposals with him on his flight, "hoping to discuss them with a group of influential leaders in Scotland and then return to Germany in a few days."

A German **Transocean** version of Sir Patrick's statement at the meeting, datelined Stockholm, refuted the common belief that Hess had deserted the Nazi cause. According to this version, Sir Patrick said: "Herr Hess came to us as a convinced National Socialist and a true follower of Herr Hitler. He came feeling certain that he could spend a few days in Scotland discussing his peace proposals with a certain group, and he believed that he could surely return to Germany in order to submit the results of his negotiations to Herr Hitler. This is the whole truth. I know that Herr Hess is sorely disappointed that he is now a prisoner."

Despite these disclosures, the Hess mystery remains—a mystery. After the deputy fuehrer had landed in the British Isles and been made a prisoner, the world went wild with speculation as to the meaning of his flight from Germany. The most commonly-accepted rumor was that Hess had with him peace proposals which he intended to discuss with high British personages who favored ending the war.

British officials were reported to have spoken with Hess in the hospital where he was receiving attention for a broken ankle, sustained when his plane crashed on a Scottish farm. And it was announced that Winston Churchill would make a statement on the whole matter in Parliament. But Mr. Churchill has made not a single public reference to the affair.

The reported Nazi threat to make a military alliance with Soviet Russia unless Axis peace proposals are accepted by Britain, is especially interesting now in view of the massing of German troops along Russia's frontiers from the Baltic to the Black Sea. The most popularly-accepted view of these troop movements is that Hitler is endeavoring by threat to force Stalin into some sort of agreement (German control of the Ukraine and of some parts of Soviet industry are mentioned) which would far transcend the limits of the Nazi-Soviet pact of 1939.

Figures Show Ravages Of War in Europe

Civilians killed in Nazi air-raids over England since the beginning of intensive raids last September, have totalled 39,678, the Ministry of Home Security announced in London on June 13. During last month alone, 5,400 civilians were killed and 5,200 injured, the announcement said.

Owing to growing food shortage in England, and the lack of sufficient fodder, the country's cattle are to be slaughtered, it was reported last week. Some 300,000 head of cattle will be killed and the number of milk cows will be reduced by 170,000.

The ravages of war were indicated in another field, according to a **Tass** report from Vichy on June 13, disclosing a disastrous drop in France's birthrate, and a corresponding growth in the mortality rate, especially in the large cities. The birthrate in Paris fell by 50 per cent in January of this year and by 40 per cent in February as compared with the corresponding months of 1940. These figures are based on official data, the **Tass** report said.

Twelve Soviet Ships For Coastal Trade?

According to local Chinese newspapers, Soviet shipping interests have placed 12 ships in Far Eastern service for runs along the coast of east Asia between Vladivostok and Singapore or Rangoon. Three ships of about 5,000 tons each are reported to have arrived in Hongkong for repair prior to going into the new service. It is expected that the ships will have a good carrying trade along the China coast in view of the shipping shortage and the fact that Soviet ships are considered safer than those of the belligerent powers.

A report from Washington this week said that W. J. Keswick, head of Jardine, Matheson and former chairman of the Shanghai Municipal Council, is taking part in conferences with American and British officials which are designed to effect a major reshuffling of American, British, Australian and Chinese merchant tonnage in the Pacific and Indian oceans with a view to providing more bottoms for Britain's vital trans-Atlantic routes.

Japan, U.S.S.R. Sign Commercial Pact

A trade agreement, embodied in two documents, was signed in Moscow between Japan and the U.S.S.R. on June 11 as a sequel to the recently-concluded non-aggression and neutrality pact between the two countries.

Negotiated by the Japanese Ambassador to Russia, Admiral Tatekawa, and the Soviet Commissar for Foreign Trade, M. Mikoyan, the commercial accords provide for trade on a barter basis and stipulate a balanced exchange of specified articles.

The barter arrangement provides for "most favored nation" treatment in regards to export and import tariffs, prohibition of restrictions on imports and exports, sets harbor dues and pilotage fees. It is scheduled to remain in effect for a period of five years and will be automatically renewed at the end of that time unless one of the contracting parties notifies the other of its intention to terminate the agreement.

The second trade document concerns trade and payments and provides that commerce between Japan and the U.S.S.R. shall be conducted on the basis of balancing both countries' imports and exports. Japan will export raw silk, cocoons, machinery, and camphor oil to Russia to the annual amount of Yen 30,000,000, while the Soviet Union will export petroleum, manganese ore, platinum, fertilizers, and miscellaneous goods to Japan to the same value. The agreement further stipulates that valuations will be made on the basis of Japanese Yen. It will be effective for one year and will be renewed annually unless specially denounced by one of the contracting parties.

The Yen 60,000,000 annual barter between Japan and the U.S.S.R. provided for by the accords will be in addition to the usual commercial transactions which hitherto have been made and which will be conducted as before. Payments in connection with trade transactions not covered by the barter agreement will be settled on the basis of foreign currencies.

In addition to the anticipated expansion of ordinary commercial transactions between the two nations, Japanese press comments predict that the accord will act favorably on negotiations now in progress for the conclusion of a permanent fishery treaty, the talks concerning demarcation of the frontier between Manchukuo and Outer Mongolia, and the expected establishment of diplomatic relations between the Soviet Union and Manchukuo.

Effects of the agreement are already evident to some degree in the planned re-routing of Japanese ships to enable additional bottoms to call at Vladivostok. The Nippon Kai Steamship Company expects to place more passenger-cargo ships in service between Japanese coastal cities and Russia's major Pacific port in anticipation of increased trade. The North Korean Line is also planning to extend shipping lines as far north as Vladivostok in the near future.

Chinese Terrorists Said Arrested in Thailand

Five Chinese, alleged to be members of Chiang Kai-shek's "Blue Shirt" organization, have been arrested in Bangkok on charges of plotting the assassination of Premier Luang Bipul Songgram, while others have been arrested at Singora, near the border of British Malaya, for engaging in espionage, the correspondent of the Tokyo **Yomiuri** reported on June 11.

The correspondent said that according to reliable authority pro-Chungking Chinese had been filtering into Thailand to advance a British-inspired plan for the overthrow of the present pro-Japanese government and restore to power the pro-British party of the late King Prajadhipok.

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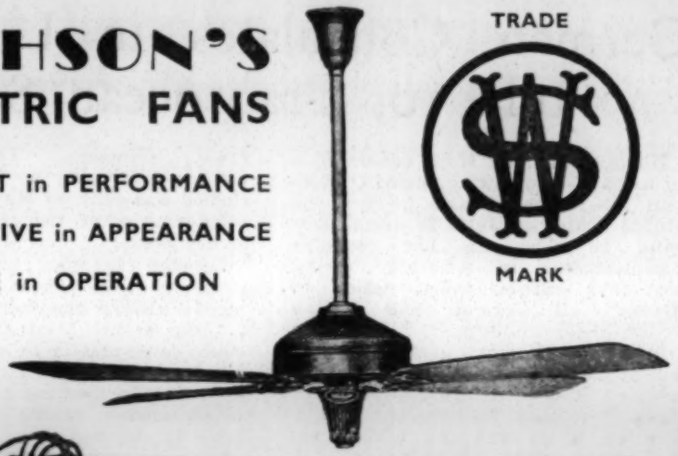

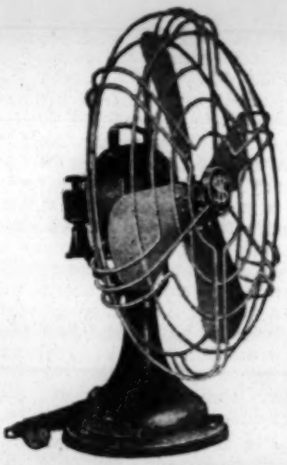

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German Consulates in U.S. Ordered Closed by July 10; Transocean Service Also Banned

Moving two long steps nearer to a formal and complete diplomatic break with the European axis powers, the United States on June 16 asked Germany to close all her consular establishments in America, having two days earlier taken action to "freeze" all German and Italian credits in the country.

In a note handed to the German charge d'affaires in Washington, Mr. Summer Welles, Under-Secretary of State, requested the closure of the consular offices and the withdrawal of German nationals connected with them by July 10. The request was also applied to the German Information Library in New York, the German Tourist and Railway Agency and the Transocean News Service. Twenty-four Nazi consulates employing 152 Germans and 28 German-American clerks and interpreters are affected.

Embassy Not Affected

After delivery of the note, Mr. Welles told the press that the German Embassy and its staff were not affected. Formal diplomatic relations between the United States and Germay therefore continue. He also added that Washington's decision was not a result of the sinking of the s.s. Robin Moor, but of an investigation by the Department of Justice which revealed that the consulates and other German organizations affected had engaged in activities outside the scope of their legitimate tasks, the reference being to Nazi propaganda and fifth column activity.

Neither Italy nor Japan, both junior partners in the Axis, were included in any way in the request for closure of the consulates, but Italy, though not Japan, was included in the order freezing Axis credits in the United States.

The credit freezing order, issued by President Roosevelt on June 14, brings under American Government control approximately US$400,000,000 worth of Axis or Axis-controlled credits, in addition to the US$4,500,000,000 worth of conquered nations' credits already frozen. The measure was taken partly to prevent German and Italian funds from being transferred to Latin America.

Simultaneously with the issuance of the freezing order, President Roosevelt approved regulations ordering a census of all foreign-owned property in the United States. The census will relate to all countries and not only to those subject to freezing.

Robin Moor Incident

Extreme displeasure over the sinking of the American freighter Robin Moor, was voiced by State Department officials this week. They revealed that a strong protest to the German Government over the action will be made. Tenor of the protest, however, has been affected by the arrival in Capetown of 35 previously unaccounted for crew members of the vessel, who were rescued by a British warship.

Full details of the sinking of the Robin Moor have now been given by crew members. The freighter, although carrying no munitions, was shelled and sunk on May 23 by a Nazi submarine after the crew had taken to life boats.

German reaction to the sinking appeared in the official statement that "goods aboard the Robin Moor were on the British contraband list and would consequently be on the German list, too." A ship en route to Capetown was further considered en route to an enemy harbor and therefore liable to sinking.

It was announced this week that the United States plans to extend to Brazil US$100,000,000 worth of credits for construction of an air base opposite the German-fortified French African port of Dakar, the base to be made available to America in case of emergency. The State Department also sent a note to Portugal, stating that although the United States plans no aggression against the Azores or the Cape Verde Islands, it reserves the right to protect them from occupation by another power. And Eire announced that America had asked and been refused permission to use Ireland's seaports or airports as stepping stones for transportation of war supplies to England.

Fighting in World War II flared up toward last week-end but did not assume major proportions even in Syria.

Fighting in Syria

French and native Syrian defenders, by hard fighting and stiff counter-attacks, kept British and Free French forces from making any major gains in the mandated colony during the week. Damascus and Beirut continue to hold out against Allied besiegers despite British activity on the outskirts of those cities for the last eight days. Royal Naval units, although succeeding in landing troops in minor seaport cities, could not force the Beirut harbor. In fact outnumbered Vichy warships, aided by bombers flown from France, succeeded in clearing the Lebanon coast of English naval vessels.

In North Africa, military activity was again reported in the Libyan-Egyptian border region. British sources claimed the recapture of the Italian border fort at Capuzzo and stated that Axis besiegers of British-held Tobruk had been forced momentarily to lift the siege because of this action.

The air phase of the war was marked by German bombing of Gibraltar and a British attack on Channel harbors. Reports indicate that many ships have been sunk and more than 137 persons have been killed from dive-bomber attacks on Gibraltar since June 6. Extent of R.A.F. damage to invasion ports could not be learned.

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Tokyo Gets Protest as Japanese Bombers Blast More U.S. Properties in Chungking

American properties fell victim again last week to the ever-intensifying Japanese bombing raids over Free China's capital at Chungking. According to the *United Press*, 27 Japanese bombers during a devastating raid over the city on June 15, practically destroyed the new offices of the American military attache, wrecked buildings financed by American Red Cross funds and slightly damaged an American gunboat and the U.S. Navy canteen.

Mr. Clarence E. Gauss, new United States Ambassador to China, and his staff inspected damage and noted where bombs fell within 100 yards of the Embassy in the so-called "safety zone" on the south bank of the Yangtsze. Four bombs which landed inside the zone exploded within 150 yards of the U.S.S. Tutuila, which was slightly damaged. American Ambassador Joseph C. Grew, at Tokyo, has lodged a protest with the Japanese Government.

One bomb exploded within a few feet of the American military attache's new office, which was nearly completely wrecked. Some windows were broken and plaster was shaken loose in the Embassy itself and the U.S. Navy canteen was badly shaken and nearly deplastered.

Wide Area Bombed

Even the shopping district and poorer residential area did not escape the missiles of the Japanese planes which rained death and destruction over a comparatively wide area of the repeatedly battered city. Two special "housing project" buildings built with American Red Cross funds were among those damaged in the poorer residential section of the city.

Approximately 30 Chinese were killed while standing at the entrance of a poorly constructed dugout, but no foreign casualties were reported.

Chungking was also subjected to a severe 72-plane Japanese bombing raid on June 11. Bombs were dropped on the western and southern outskirts of the city, but caused few casualties.

A comparative lull again prevails on the China war fronts with the conclusion of the Shansi battle. A *Kuomin* report from Chungking, however, still claimed that the Chinese forces in the Chungtiao mountain range are making a bold counter-attack on the Japanese on both sides of the Tsiyaun-Yuanchu highway, after shifting to outer positions. Paipotou, southeast of Tsiyuan, was recaptured by the Chinese on June 9, it was reported. Chinese artillery units at Kuangkowtu, on the southern bank of the Yellow River, were reported to have heavily bombarded the Japanese positions on the northern bank on June 10 and succeeded in silencing two Japanese batteries.

Chinese Morale Improved

In a statement to the press last week, reviewing the recent Shansi battle, Gen. Wei Li-huang, commander of the 14th army which held out in the Chungtiao mountains, declared the self-confidence of the Chinese troops has been greatly strengthened by their experience in the recent fighting.

"For four years, we have been holding out on the north bank of the Yellow River," said General Wei. "Our dogged perseverance has not only made us proud of our troops, but has also won the admiration of the Japanese. Recently, the Japanese staged their 14th attack with a force several

Red Cross Wheat for China

This is a consignment of wheat and rice sent to China as a gift by the American Red Cross. Chinese boys at the Catholic Tou-se-Wei Orphanage at Shanghai are carrying it to storage rooms.

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times larger than those employed in previous attacks. But, without achieving any important success, the Japanese suffered unusually heavy casualties. The Chinese forces, most of which remain intact, have succeeded in counter-encircling the Japanese from outer positions. This experience will serve to further strengthen our self-confidence."

The reportedly pending Japanese offensive in Central China is not likely for the present, the Chinese military spokesman declared on June 12. The Japanese, according to the spokesman, at least for the present, are not expected to launch a major offensive in central Hupeh, for they could not throw into such an offensive as many effectives as they did in South Shansi, estimated at about seven divisions.

Mopping-up Activities

The spokesman added that the sporadic activity of the Japanese forces along both banks of the Yangtsze River are aimed, as the Japanese themselves have said, at mopping up Chinese mobile units and regular troops.

Indirectly substantiating earlier Chinese reports claiming active guerilla attacks against Japanese outposts around Tsingtao was a *Domei* report from Tsinan which claimed that a Japanese unit on June 10 routed a band of Chinese irregulars totalling 200, at Lintsun, west of Tsingtao. Another Japanese detachment dispersed Communist troops in the areas northwest of Lintsing in western Shantung, the Chinese Reds losing 56 killed, it was further claimed.

On the Fukien front, the Japanese troops last week were reported to be retreating from the Foochow area toward Mamoi, southeast of Foochow. The Chinese forces, it was claimed, have gained complete control over the area, and are mopping up Japanese remnants in the suburbs of Foochow. An earlier report by the official *Central News Agency* further claimed that the Chinese forces had once fought their way into Foochow city last week, engaged the Japanese in street fighting, distributed pamphlets, and then withdrawn.

President Lines Receive Confirmation on Ships

Official advice concerning the United States requisitioning of American President Line ships, received by the Shanghai office of the company on June 16, reveals that the President Taft, President Cleveland, President Coolidge, President Pierce, President Jackson, President Hayes, and President Adams will be delivered to the United States Maritime Commission on completion of their present voyages. Last of the trans-Pacific President ships to call at Shanghai will be the President Pierce which will sail homeward for American ports early in July.

Schedules of the ships remaining to the President Line are revised, however, and it is hoped that some of the round-the-world liners will be diverted to trans-Pacific service.

First action taken under the authority vested in President Roosevelt by the recently-approved ship seizure measure, was the formal taking over on June 16 of six Danish merchant vessels lying idle in American harbors. One of the seized ships will be given to the army, probably for use as a troop transport. None of the six vessels, the Maritime Commission revealed, is likely to be placed in the Atlantic service.

Pacific Coast to Have Steel Industry

Henry J. Kaiser, well-known industrialist, who assisted in the construction of Boulder Dam, and who is one of the contractors on the important job of installing a third set of locks in the Panama Canal, has applied to the Office of Production Management at Washington for permission to launch a US$150,000,000 steel industry in the U.S. western states. The program calls for a pig-iron plant at Mt. Pleasant, Utah, a high-grade steel mill at Bonneville Dam on the Columbia River and a steel fabricating plant at Los Angeles. Total annual capacity would be 1,250,000 tons, about equal to the present capacity of seven fabricating plants already on the U. S. west coast.

The pig-iron plant in Utah would use ore deposits there. Employing a new process for converting pig-iron into steel by using electrical energy, it was claimed that Kaiser's enterprise would be able to produce steel on the Coast cheaper than that hauled from the east coast. At present there is only one (at Provo, Utah) steel blast furnace in 11 U. S. western states. Another Kaiser enterprise is the Permanente Corporation's magnesium plant at Palo Alto, Cal. The Panama Canal job, upon which Kaiser's contractors shortly will be working, will run to US$307,000,000. He also was the promoter of California Shipbuilding Corporation, which, with other concerns in which he is interested, has contracts for building 54 ships in and about the Oakland district. Thirty of the ships will be simplified freighters for Great Britain.

The Kaiser project at Bonneville Dam, 42 miles east of Portland, on the Columbia River, will be the first reply to an appeal issued by the U. S. War Department several months ago to American steel interests for the development of a steel industry on the Pacific Coast.

The Bonneville Dam is one of two gigantic water-power projects shortly to be completed on the Columbia River. Bonneville will produce 600,000 horsepower when completed. The other project is the Grand Coulee Dam, located on the upper reaches of the Columbia, which will supply power to the Puget Sound district. The first unit already turned on, is now supplying power to two important industries in that area, the Seattle-Tacoma Shipbuilding Corporation, which is building electrically-welded cargo ships of the Cape Alava type, recently seen in Shanghai. The other enterpirse receiving power from Grand Coulee is the Boeing Airplane plant at Seattle.

The development of abundant cheap power on the U. S. Pacific Coast is expected to attract various industries and ultimately affect the economy of the whole Pacific region.

It was said that Kaiser's interest in developing a steel industry on the Pacific coast resulted from delays he experienced in obtaining deliveries of fabricated steel from the east coast for enterprises he was interested in, one being the Todd-California Shipbuilding Corporation at San Francisco. Orders promised on a certain date were months late. There are now seven steel plants on the U. S. west coast, two owned by U. S. Steel, three by Bethlehem and two independents. The present plants have a capacity of 1,029,670 tons. Owing to the present ship building boom on the coast, demand is said to double present capacity. President Roosevelt, supported by a strong demand on the part of the U. S. Army, urged the early development of a west coast steel industry in 1939.

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(Continued from Page 79)

with a width of at least 1.5 meters and a grade of not over 30 per cent. Wherever topographical conditions permit, roads with a breadth of four meters and a grade of below 15 per cent are to be built for animal carts as well. Because of the lack of manpower in these sections of Hupeh, beasts of burden are to be as widely used as possible.

One remarkable feature in transportation in Hupeh is the small quantity of gasoline used on the highways. Through the use of charcoal-burning engines, a maximum amount of gasoline is being conserved for military uses. Thirty-one of the bureau's 116 passenger cars and trucks have already been converted to charcoal fuel. More are being converted, as the new device saves at least 900 per cent of the operation cost on fuel alone. A charcoal-consuming truck usually carries 1,200 kilograms and is highly serviceable in running downhill or on the level. The bureau's technicians are perfecting a double-use scheme whereby the truck will use gasoline on its uphill run and charcoal whenever it is not climbing. Although a charcoal-driven bus can carry only 15 passengers and their baggage as compared with 22 with a gas-consuming engine, the saving of money to the government is great because of the low cost of charcoal in this part of the country.

Rural Cooperatives

In three years from now, every *pao* (consisting of from 60 to 150 families) in New Hupeh will have a rural cooperative society with members from every one of its families. This is one of the dual tasks of Hupeh, which is resisting the enemy and, at the same time, preparing for rehabilitation after the war. When the new district autonomy is installed throughout Hupeh province, every *hsien* will have a central rural cooperative society with town, village and *pao* branch offices. The organization of the *hsien*, town, and village cooperatives is to be completed by the end of 1942, that of the *pao* units a year later. In Hupeh's 70 *hsien* and one municipality, there are 2,344 towns and villages, which in turn consist of 39,429 *pao*.

The formation of rural cooperatives in guerilla areas was suspended during the first half of 1939 following the westward removal of the provincial government from Wuchang and Ichang. Work was continued only in 29 *hsien* of western and northern Hupeh. It was not until 1940 that promotion efforts were extended to some of the war and guerilla districts in eastern and southern Hupeh. The counties in which the movement spread increased from 29 to 57. The administration is trying to organize the cooperatives in the remaining 13 *hsien* so that their progress and that of the district autonomy system will coincide.

Up to April, 1941, there were 11,387 rural cooperatives in Hupeh, according to the provincial statistics. Total loans contracted by the societies were given by the provincial government at $10,217,529.36. Of this $2,711,564.99 had been repaid, leaving $7,505,964.37 outstanding.

Economic Guidance

The creation of a cooperative guidance committee is one of the features of the *hsien* governments under the new autonomy system. The committee consists of five members for an ordinary district and seven for a model district. In order to extend the cooperative movement to each *hsien*, Hupeh needs 370 trained persons but has at present only 200. However, in the local government administrative training class, 220 new men are being trained. After that, the present personnel will be given advanced training on a rotation basis. The provincial government has also started to reorganize the existing 8,000 cooperatives in the province.

For the sake of increasing Hupeh's staple products—rice, wheat, cotton, hemp, wood oil and tea—the provincial government encourages the formation of more productive and supply-and-marketing societies. The *hsien* cooperative banks are to be developed. Additional consumers' cooperatives are to be organized because of their influence in equalizing demand and supply and stabilizing prices.

The functions of cooperatives include the construction of granaries. The three-year cooperative program provides for one cooperative granary in every town or village. The granary which is to be built by the town or village cooperative society must have a capacity of at least 1,000 piculs of foodstuffs. The *pao* cooperatives will each have a smaller granary. Therefore, the 2,344 towns and villages in Hupeh will have 2,344 granaries capable of storing 2,344,000 piculs of foodstuffs, according to the scheme. The spread of cooperatives will, it is expected, encourage banks to invest in the rural areas.

Collapse of N.E.I. Parleys Announced

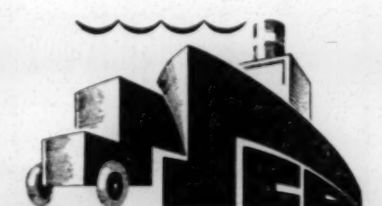
Complete breakdown of the economic negotiations between Japan and the Netherlands East Indies was announced in a joint communique issued in Batavia on the night of June 17 by the two delegations to the parleys. Issuance of the communique followed a meeting of the delegations which took place in the presence of the Governor-General of the N.E.I. It declared:

"Both the N.E.I. and the Japanese delegations regret that the economic negotiations which have been conducted between them have unfortunately come to a conclusion with an unsatisfactory result," adding that discontinuance of the parleys would not cause any change in normal relations between Japan and the N.E.I. Dutch quarters in Batavia, **United States** reported, received the communique with "high spirits," considering it a Dutch success.

Mr. Kenkichi Yoshizawa, chief Japanese delegate, announced that he would leave for Japan on June 27. He said he wished to stress that normal relations between Japan and the N.E.I. would continue—"and by normal relations we mean economic relations," he added.

Evacuees Reach Japan From the Philippines

Having left the Philippines allegedly because it was difficult for them to continue living there, and because they were pessimistic as regards the future, 183 Japanese subjects landed in Kobe on June 16, **Domei** reported. Among the evacuees was a man named Moriji Takahashi, 65, who had not seen his homeland for 37 years. He was described as one of the first Japanese pioneer emigrants to the Philippines.



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Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

June 1

Gen. Ho Ying-ching, Chief-of-Staff and War Minister, denied that he believed it would be necessary to wipe out the Communist Eighth Route Army before China would be able to attain victory against Japan, according to **United Press.** He also discounted Communists' accusation of his being pro-Japanese.

Chow En-lai, chief Communist liaison officer with the Chungking government, refuted charges by a Chinese military spokesman that the 8th Route Army is not fighting the Japanese hand-in-hand with the Central troops in southern Shansi. In an article published in the **Hsin Hwa Jih Pao,** Chow claimed that the most important undercurrent in the Far East consisted of efforts to create "a Sino-Japanese peace arranged by the United States."

Reuter report from Rangoon said that the Chinese military mission had returned there en route to China after a three months' tour of Burma, India and Malaya.

Japan's national policy will not be changed by any disposition of United States naval units in the Pacific or the Atlantic, the newspaper **"Asahi"** declared editorially.

Chinese units operating west of Nanchang, provincial capital of Kiangsi, claimed to have recaptured Hsishan and Wanshowkung. More than 300 Japanese were killed in action, it was said. Chinese troops on the Fukien front were reported to have recaptured Kuanyuanli, northwest of Foochow.

***

June 2

The British Embassy buildings and the French Consulate and French Mission were severely damaged during a 26-plane Japanese bombing raid on Chungking. The attackers also showered bombs on the western down town section and the Kiangpei area, causing some 50 deaths. There were 300 casualties, the highest this year.

Shansi war arena is said to be shifting from the Chungtiao mountain range to the Taihan mountain regions, southeast of Shansi. Severe fighting is now raging in the area west of the Changtsze-Kaoping highway.

Japanese Consul at Hankow, Shoichi Tanaka, protested May 28 to the British Consulate on the alleged discovery of arms hidden in the British-owned Hankow Club. The arms were said to belong to Chungking terrorists.

***

June 3

Koh Ishii, Deputy Spokesman for the Japanese Cabinet Information Board declared that Japan would regard as an "unfriendly attitude" any permission by the United States army for its pilots and mechanics to resign from the service in order to fly for China. The **Miyako Shimbun,** quoting "reliable sources" in Washington, said that the American President Lines have dispatched a group of shipping experts to Rangoon to prepare the ground for transportation of large quantities of American war materials to Chungking via the Burma road.

The **Japan Times and Advertiser** said "Japan would fight" under Article III of the Tripartite Pact in the event America goes to war with Germany.

On the occasion of the 102nd anniversary of the burning of opium in Canton, Gen. Chiang Kai-shek urged Chinese in occupied areas to uproot completely the "Japanese opium policy carried out with the assistance of puppets in these areas."

According to **Reuter** report from Japanese-controlled Peiping, Japanese operations in south Shansi have not been entirely successful, and the Japanese are suffering considerable losses. Many Chinese units, it was said, have broken through the Japanese encirclement, and fighting is spreading to central Shansi.

Seizure of fording points along Yellow River was described by Lieut.-Col. K. Akiyama, Japanese Army spokesman in Shanghai, as a factor for Japanese victory in southern Shansi.

***

June 4

The shipment of Soviet supplies to China has continued at about the same level as before the Russo-Japanese neutrality pact, according to Chungking sources.

In his booklet called "Japan's Economy under War Strain," published in Washington, Mr. T. Y. Hu estimated that by the fourth anniversary of the war it will have cost Japan U.S.$4,000,000,000 or the equivalent of the entire national income of Japan in 1936.

Communist headquarters in Chungking claimed the receipt of reports saying that Chinese Communist forces defeated a detachment of 1,000 "Japanese and puppet troops" at a point 20 miles south of Peiping on May 30.

Domei report from Tokyo claimed that Chinese forces left 50,000 dead during the campaign in the Shansi-Honan region, while 25,000 were taken prisoner. Other **Domei** reports said that Japanese forces started an encirclement offensive against Chinese forces in eastern Hopei, especially in the sectors of Chichow, Yutin and Paoti, and Yutsaopu.

Japanese airplanes bombed Chuchow and Lietashih, both south of the Yangtsze River.

***

June 5

Chungking well-informed Chinese circles predicted that the Chinese army will take the initiative this fall provided no unexpected developments occur, since enough American armament is expected to have been received. Meanwhile, Japan was said to be in a dilemma whether to go southward or penetrate further into China's interior.

The **Nichi Nichi** believed that the United States, Britain and Chungking were rushing preparations toward bolstering their southern defense because of their observations that the recent U. S. preparations to enter the European war would inevitably cause Japan to resort to military operations.

Chinese military spokesman announced the recent arrival of Japanese reinforcements amounting to more than two divisions in the Hankow region and central Hupeh, predicting that a large-scale campaign soon would be launched by the Japanese either in south Hupeh or north Hunan. Important military operations, the spokesman said, were carried out in the Yangtsze valley, particularly on the south bank between Lake Tungting and Lake Poyang, where the Japanese aimed at clearing both

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INTERNATIONAL DISPENSARY
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banks of the river of mobile Chinese units and to strike at the regular Chinese forces. Chinese guerilla units, it was said, were very active on the outskirts of Tsingtao in eastern Shantung province.

Chinese forces in eastern Chekiang routed the Japanese garrison and recaptured Hsiangshan following a successful counter-attack, according to **Kuomin.**

A squadron of nine Japanese planes bombed Hengyang in eastern Hunan at 8 a.m. A number of bombs were dropped on the northern outskirts, without causing any important damage.

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June 6

Seven hundred Chinese civilians were found suffocated to death in a single dugout in Chungking following a Japanese bombing raid over the city the previous night. The failure of the ventilation system in the dugout was responsible for the unusually large number of deaths—the biggest death toll in a single dugout since Chungking was first made a Japanese bombing target in 1939. It was estimated that 60 per cent of those who died were women, children twelve per cent. The Japanese bombers were reported to have dropped missiles on the downtown district and the western suburbs as well as the south bank of the Yangtsze, narrowly missing the American and Italian embassies. Thousands were made homeless as the Japanese bombs destroyed one square mile of dwellings of poor people and shops in the valley near the west gate of Chungking.

President Roosevelt and Cordell Hull, Secretary of State, officially denied knowledge of reports published by the **New York Times** alleging that Japan was attempting to negotiate a non-aggression and neutrality pact with the United States similar to the Soviet-Japanese pact, **United Press** report from Washington said.

Hsin Hwa Jih Pao, Communist organ in Chungking, claimed that the 8th Route Army had scored victories in North China, particularly in Shansi and Hopei.

Kuomin report from Chungking said that although the Japanese have occupied the mountain region and the ferry crossings on the northern bank of the Yellow River, they have never been able to dominate the whole area. The Chinese continue to harass the Japanese lines south of the Tsiyuan-Yuanchu highway and in the Hsiahsien area.

Gen. Chi Hsueh-yuan is rumored to be shortly replacing Wang Yi-tang as chairman of North China Political, Council, **Havas** said.

*
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June 7

Chungking officials were reported to have investigated the dugout tragedy. Press circles in Chungking unanimously protested against the negligence which caused the great loss of life. The **Ta Kung Pao** demanded severe punishment for those found responsible. Gen. Chiang Kai-shek, it was reported, was paying full attention to the disaster.

E. Manuel Fox, American member of the Chinese Currency Stabilization Committee, who arrived in Hongkong together with Cyril Rogers, British member, said that the stabilization fund would "facilitate the maintenance and extension of China's external trade and serve as a valuable instrument for China's internal reconstruction program," according to **United Press.**

The **Kokumin** editorially urged the Japanese Government to cope with Anglo-American air aid to Chungking in order to achieve an early disposal of the Chinese hostilities.

Thirty-two Japanese airplanes staged another raid on Chungking at 1 p.m. More than one hundred bombs were dropped, killing 13 persons and destroying scores of houses, according to **Kuomin.** One Japanese airplane was said to have been hit and seriously damaged by Chinese anti-aircraft fire.

Who's Who in China

Miss Chen Wen-chi, party worker, born at Swatow, Kwangtung, 1907; graduated from the Kwangtung Provincial Normal Women's College, 1924, Canton; obtained B. A. degree from the Department of Poiltical Science, National Tsinan University, Shanghai, 1930; secretary of the Nanking Kuomintang Headquarters; director of the Women's Department of the Ch'enkiang Kuomintang Headquarters in Kiangsu; with the Agricultural and Industrial Bureau of the Kwangtung Provincial Government, Canton; on staff of the Central Kuomintang Headquarters; secretary of the National Tsinan University, Shanghai; now, member of the Women's Advisory Committee, member of the Women's Movement Committee of the Chungking Kuomintang Headquarters: address: Chungking Kuomintang Headquarters, Chungking, Szechwan.

Chen Wen-chi
陳婉慧

Japanese to Take Over Settlement Abattoir

Japanese interests were expected this week to take over the municipal abattoir in the eastern district, having recently secured a lease of the establishment from the Shanghai Municipal Council. A Municipal spokesman said that the change would mean that livestock entering Shanghai would no longer be under control of the livestock market, but under the people (Japanese) running the abattoir. The Japanese formerly acquired control of Shanghai's fish market.

Shortage of Power Threatens Movies

Shanghai motion picture fans may soon have to get along on reduced movie fare. The Motion Picture Theatre Association has been ordered by the Shanghai Power Company to cut down its use of power by 75 per cent in view of the electricity shortage occasioned by dwindling coal supplies. The Association is protesting this decision as unfair discrimination. If the decision is enforced, they will be obliged to curtail the number of their performances to one per day, instead of the present three, besides which, if they cannot operate their air-conditioning plants, no one will frequent even the one show, since the houses have no alternative means of ventilation.

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Men and Events

Masatoshi Akiyama, Japanese Consul-General at Sydney, has been appointed Minister to Panama.

*

The Manchukuo Government announced June 12 that it would shortly establish consulates in Peiping, Tientsin, Tsingtao, Tsinan, and Shanghai.

*

Chin Lien-ku, recently appointed Chinese Minister to Mexico, presented his credentials to President Avila Camacho at Mexico City June 16.

*

E. S. Wise, head of the local passenger department of the American President Lines, departed for the U.S. on leave last week.

*

Professor J. B. Hipps of the University of Shanghai, departed for the U.S. last week on furlough.

*

Tai Chin-hua, a member of the Supervisory Committee of the Philippine branch of the Kuomintang, died at Manila June 7 according to a report from Chungking.

*

Major-General Georges Bagulescu, recently appointed Rumanian minister to Manchukuo and Japan, is now making an inspection tour of Manchukuo and North China, according to a **Domei** report from Mukden July 12.

*

Karl Eskelund, correspondent for **United Press**, who has been stationed in Indo-China for several months, returned to Shanghai last week. He was accompanied by Mrs. Eskelund and they plan to remain here for some time.

*

Bishop Francisco Aguine, 78 years old, who had resided at Foochow for 54 years, died in that city on Thursday, June 12. He held the position of Vicar Apostolic of Foochow and was a member of the Spanish Dominicans.

*

Yutaka Konagaya, secretary of the Japanese Legation in Australia, has been transferred to the Foreign Office in Tokyo where he will serve as sectional chief of the American Affairs Bureau. Itsuo Cato has been appointed first secretary to the Japanese legation in Australia.

*

Mrs. A. T. Steele, wife of the Far Eastern Correspondent of the **Chicago Daily News**, returned to Shanghai this week from a trip to India. Mrs. Steele accompanied her husband to Singapore and the Netherlands East Indies several months ago, but proceeded to India when Mr. Steele returned to Shanghai.

*

The Australian Government will shortly announce the name of Australia's first minister to China, according to a report from Canberra June 13. The appointment of a minister to China was approved by the Australian cabinet June 12. The name of China's minister to Australia has not yet been announced.

*

The "big four" Chinese banks have made a loan of $20,000,000 to the Kansu Provincial Government for the purpose of establishing a factory for manufacturing farming implements, fertilizers, and the purchase of agricultural seeds of superior quality. A previous loan of $2,000,000 by the same banks to Kansu earlier in the month provided for the establishment of fixe textile plants, the chief one to be located at Lanchow, the provincial capital. A woolen textile factory also will be established in Kansu, according to the report. Aside from the $2,000,000 textile loan, the banks advanced $2,000,000 for extending small credit loans to weavers.

The Chinese military mission, which made an inspection trip to British India, Burma, Straits Settlements and Singapore, returned to Kunming on Sunday, June 15 and proceeded at once by motor sar to Chungking. The Mission was headed by Gen. Shang Chen.

*

The Turkish customs authorities June 15 detained the Soviet steamer Svanetia on a charge that members of the crew were involved in smuggling caviar into Ankara. The Soviet ambassador to Turkey, M. Vinogradov, had intended to travel to Odessa on the ship but was forced to cancel his passage.

*

Dr. Quo Tai-chi, former Ambassador to London, who recently was appointed Minister of Foreign Affairs, was expected to arrive in Chungking on June 21, according to report from the Chinese wartime Capital. Mr. Quo arrived in Manila by Clipper plane last week, but proceeded to Singapore and Rangoon instead of flying directly to Chungking by way of Hongkong.

*

Arthur Menken, well-known Paramount Newsreel cameraman, arrived in Japan June 13 and will remain there for some time making pictures of Japanese scenery, according to a **Domei** report from Tokyo. Mr. Menken passed through Shanghai recently following a trip to Singapore, Hanoi, Hongkong, and Manila. He is expected to return to Shanghai after his visit in Japan.

*

The House of Representatives of the Argentine Republic passed a resolution June 11 authorizing the government to take action against the **German Transocean** News Service on the ground that the news agency was using Nazi money to spread German propaganda through various Spanish language newspapers. The House also authorized the government to tighten up regulations against alleged fifth column activities in the country.

Soviet botanists have succeeded in grafting tobacco plants to tomato and potato vines, thereby producing a new strain of tobacco which is said to contain no nicotine. According to the **Tass** agency report, tomato and potato vines grafted to the roots of the tobacco plant contained nicotine similar to the tobacco plant.

*

Major Owen Jensen, U.S.M.C. reserve, who recently arrived in Shanghai for service as regimental paymaster with the Fourth U. S. Marines, is a resident of Pasadena, California, and formerly was engaged in newspaper work in Chicago. He is a former student at Washington College of Law and the University of Southern California. He served as chairman of the Scandinavian Pre-Olympian Committee, which looked after Scandinavian athletes at the Los Angeles Olympic games in 1932.

*

Wang Ching-wei's personal newspaper, the **Chung Hwa Jih Pao**, or **Central China Daily News**, which was published at the corner of Honan and Hankow Roads, was suddenly removed last week to No. 59 North Honan Road, which is within the British defense sector. No reason was given for the sudden decision to remove the newspaper plant to the Hongkew area. A reference to the Wang newspaper appeared in the June 14 issue of **The Review**, Page 50.

*

General Wu Te-chen, former mayor of the Chinese Municipality of Greater Shanghai and now secretary-general of the Standing Committee of the Kuomintang, gave a reception June 12 in honor of C. E. Gauss, the new U.S. Ambassador. Guests included Dr. Chu Chia-hua, director of the Kuomintang Party Organization Department; Hollington K. Tong, assistant director of the Central Party Publicity Department; and Liu Wei-chih, director of the Central Party Overseas Department.

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Several members of the faculty of the Shanghai American School including Miss Cornelia Richardson, Miss Beulah Smith and Charles Riggan have obtained positions in the Iolani High School in Honolulu. The principal of the school, professor Stone, was formerly head of the American school at Kuling.

•

The Bulgarian Government has created a state monopoly for production and traffic in opium, according to a **Transocean** message from Sophia June 14. The report said that Macedonia, which has been incorporated into Bulgaria, produces 75,000 kilograms of opium annually, which makes Bulgaria the largest opium producing country in the world next to Turkey.

•

The Japanese newspaper **Tairiku Shimpo**, published an article last week referring to a general meeting of the Central Reserve Bank in Nanking, which lasted for four days. The article said that the most important item on the agenda was the consideration of measures for increasing the circulation of Central Reserve notes, and reinforcement of agencies engaged in the circulation of the Nanking currency. It was claimed that the bank now has notes in circulation having a face value of CN$43,000,000.

•

The **Shanghai Zaria**, leading Shanghai Russian newspaper, which also publishes editions in Tientsin and Harbin, has moved to a new location at 918 Avenue Joffre. The publisher of the paper is Mrs. O. V. Lambich, whose late husband founded the papers several years ago. The editor of the Shanghai edition is L. V. Arnoldov. Priests of the Russian Orthodox Church in the French Concession conducted a special religious ceremony when the new offices of the newspaper were opened on Saturday, June 14.

•

The Japanese Government has announced the appointment of Hidefuji Numano as acting director of the Economic Department of the Mongolian Federated Government at Kalgan. Mr. Nomano was previously chief of a bureau in the Japanese Finance Ministry. The Japanese also announced that Shinsuke Kishi, former vice-minister of commerce and industry in Japan, had been appointed special envoy of Manchukuo, resident in Japan, for the purpose of unifying economic activities between the two countries.

•

The magazine **La France**, organ of the Free French in London, published an article recently about a new political organization recently formed in Paris, known as "Rassemblement National Populaire," the object of which is to overthrow the Vichy Government and bring into power a new group that would cooperate more completely and enthusiastically with Germany. One of the promoters of the new movement is Jean Fontenoy, once correspondent in Shanghai for **Havas**. Others associated with Fontenoy include Marcel Deat, Hitler agent; Jean Goy, pro-Nazi Deputy. The report alleged that Fontenoy made frequent trips to Berlin and had been a lieutenant of Jacques Doriot, renegade French Communist leader.

•

The German **Transocean** news service issued a message in Shanghai June 14 alleging that James Roosevelt, son of the U.S. President, when in Palestine four weeks ago, promised Jewish leaders at a meeting held at Telaviv that the U.S. would guarantee that British promises to the Jews concerning Palestine would be kept. The German message also said that the British authorities had reached an agreement with the Zionist leader, Chaim Weizmann, that the Anglo-American understanding had Syria and Iraq, following British occupation, would be opened to Jewish immigration. The **Nazi** report alleged that "caused great indignation in Arab circles in Damascus and Bagdad."

The Japanese authorities announced June 15 that the Japanese population in Nanking on June 1 was 12,816, an increase of 2,838 within a year. The report said that there are now 408 Japanese at Pukow, opposite Nanking on the Yangtsze River; 1,183 at Chinkiang, east of Nanking and also on the Yangtsze; and 2,401 at Pengpu in Anhwei, north of Pukow.

•

The Japanese company operating the large salt fields at Haichow in northeastern Kiangsu province, which were seized from the Chinese Government at the beginning of the war, have announced the acquisition of 1,125 acres of new land, which will be converted to the production of salt. The new development will cost approximately Yen 1,090,000.

•

The Kiangsi Provincial Government has announced a new loan for $30,000,000, which will be secured on the surplus profits derived from the exploitation of tin mines in the province and also a surcharge on the salt tax. Proceeds of the loan will be used for the establishment of a steel and iron industry, a sulphuric acid factory, a vegetable oil factory, and for development of mining enterprises and agriculture, including promotion of cultivation of tung oil trees, cotton, sugar cane, and the improvement of land and river communications.

•

The National City Bank of New York has sold its branch office building and equipment in Osaka at what was regarded as a "bargain price" of Yen 1,000,000. It was said that the Japanese Finance Ministry had made an exception permitting the bank to withdraw the money from Japan. According to a **Havas** report the property was sold at much less than its real value, as the door of the vault alone was valued at more than Yen 100,000. The property was purchased by the Ito Chu Soji Kaisha.

•

The U. S. National Anti-War Congress, which met in Washington early in the present month, adopted resolutions favoring immediate independence to the Philippines, the renunciation of exterritoriality and other special privileges in China, repeal of the U.S. Exclusion Law and the placing of Oriental immigration on a quota basis similar to immigration from European countries. The Congress also favored withdrawal of U.S. naval and military forces from the Far East and expressed opposition to "Anglo-American domination of the world." The meeting was addressed by Senator Burton K. Wheeler and John Flynn, New York politician, both of whom criticized U.S. participation in the war. The organization also favored government control of the armament industry and recommended that the Panama Canal be handed over to all the nations of the Americas. Finally, the Anti-War Congress recommended that conscription and armanent production be abandoned and the world's raw materials be made available to everybody.

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Toys do not always quieten the 'cross' baby

Graduate nurse tells of treatment used for her own baby girl.

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M. E. Vittaly, President of Claude Neon Lights, Federal Inc., U.S.A., and of the Associated Drug Company, Federal Inc., U.S.A., left on the President Coolidge for five months' home leave.

*

Mrs. A. R. Lusey, wife of A. R. Lusey, Far Eastern Manager of Press Wireless Incorporated, departed this week for the U.S. on the President Coolidge with their infant son. Mr. Lusey is planning to go to the U.S. on furlough shortly.

*

A Japanese military mission, which has been in Germany and Italy for the last 6 months, departed from Berlin June 17 en route home by way of Moscow and the Trans-Siberian Railway. The mission is headed by Lieutenant-General Tomoyki Yamashita.

*

A. T. Steele, special correspondent for the **Chicago Daily News** in the Far East, will be guest of honor and speaker at the annual general meeting of the American University Club at luncheon on Tuesday, June 25. Mr. Steele will speak on the subject "Burma Road." He recently returned to Shanghai from a trip to Singapore, the N.E.I., Rangoon, Kunming, and Chungking.

*

A son was born to Mr. and Mrs. M. D. Arnold of the National City Bank at Tientsin last week, according to a cable from Mrs. Arnold, who is now at the home of her parents in Annapolis, Maryland. Mr. Arnold is planning to proceed to the United States on furlough shortly. Mr. Arnold is a son of Julean Arnold, former U. S. Commercial Attache in China.

*

The Reverend Charles Bishop and his wife, who have resided in Japan for more than 60 years, decided to return to the U.S. where they will make their future home. Bishop is 91 years old and has been connected with the Methodist mission. He kept a diary in which he recorded events of his life in Japan throughout the entire period of his residence in the country. Several months ago he sent the diary to the Library of Congress. Mr. and Mrs. Bishop have a son who is connected with the Smithsonian Institute and a daughter who resides in London.

*

Probably the most cómplete film ever made of Shanghai, showing industrial, commercial, and shipping activities of the port, was shown to an audience at the American Club by the Globe Wireless, Ltd. on the evening of June 17. This film was collected and filmed by N. D. Brown, Vice-President of the company here, and other members of the firm and shows events in Shanghai from 1937 to the present time. The film will be sent to the U.S. where it will be exhibited throughout the country. The object of the film is to impress upon Americans the importance of U.S. interests here and the necessity of protecting them.

*

A new Chinese movie entitled "China Fights Back" was shown for the first time in New York, June 13, before an audience which included Dr. Hu Shih, Chinese ambassador to the U.S.; T. V. Soong, governor of the Bank of China; Stanley K. Hornbeck of the State Department; Nelson T. Johnson, former U..S ambassador to China. The film, which will be released to 6,000 movie houses shortly, shows the reorganization of the Chinese army and air force, development of industries in Free China, construction of the Burma Road, and glimpses of national leaders including Generalissimo Chiang Kai-shek and the Soong sisters. The picture also included a statement by William C. Bullitt, former U.S. Ambassador to France, who declared that China's resistance is protecting America's western front and that China only needs more equipment in order to make her resistance more effective.

Mr. and Mrs. T. Hori of the Japanese Embassy were hosts at a reception for members of the press Tuesday, June 17 at their home at 128 Seymour Road. The following newspapermen attended the function: Gordon Morriss, director and R. T. Pevton-Griffin, editor of the **North-China Daily News**, E. A. Nottingham, publisher of the **Shanghai Times**, John Morris, Far Eastern representative of the **United Press**, Douglas Robertson, representative of the **New York Times**, F. B. Opper, editor of the **Evening Post.**

*

Herr Guenther Tonn, an employee of the German **Transocean News Service** in the U.S. who recently was arrested and held on Ellis Island on deportation charges, attempted to commit suicide Monday, June 17 in his room at the immigration station. Tonn was charged by the Federal Bureau of Investigation with violation of the foreign agent registration act. According to the report Tonn made a slight incision in his throat and a small cut in his wrist. Herr Tonn resided in Shanghai several years ago when in charge of the **Transocean** office here. His wife is here at the present time.

*

The **Chicago Daily News** has officially closed its Berlin bureau according to a report from London June 13. David M. Nicholl, who has been correspondent for the **Daily News** in Berlin, departed for Switzerland several days ago. Stephen Laird, correspondent in Berlin for **Time** and **Life**, has also closed his Berlin office and gone to Switzerland. Laird carried out with him a manuscript of a new book entitled "Money In The Bank," which was written by P. G. Wodehouse, well-known British author who is in a German internment camp. He asked Laird to take the manuscript to a New York publishing house. The only special correspondent of an American newspaper now left in Berlin is the representative of the **New York Times.**

*

The House of Representatives on June 13 approved and sent to the Senate a bill to exclude from the U.S. aliens whose presence are regarded as a menace to public safety. Another bill now before the Senate will prevent American citizens as well as aliens from crossing the U.S. frontier in either direction without a special pass. This bill is designed to prevent Americans and others who have special knowledge of scientific discoveries or special information concerning the armament industry, from leaving the country without permission in order to accept service in another country and thus disclose information deemed valuable to the U.S. The bill will draw still tighter American regulations against international espionage. It was thought that the bill was certain to be approved by both the House and the Senate.

*

Major Arthur Bassett, director of the British-American Tobacco Company and well-known American resident of Shanghai, who is returning to the U.S. shortly, will be guest of honor at a number of functions given by organizations with which he has been connected for many years. The China Art Council and the China Nutritional Aid Council will combine in a dinner in Major Bassett's honor at the Pacific Hotel Saturday evening, June 21. The China International Famine Relief Committee and other Chinese relief organizations will be hosts at a tea reception at the Park Hotel Saturday, June 28 from 4 to 6 p.m. The Committees of the American Red Cross and the American Advisory Committee of China Relief will entertain Major Bassett at the American Club on Tuesday, July 1. On June 16 after a business meeting of the China District Army and Navy Y.M.C.A. Committee of Management, which was presided over by Major Bassett, a special program was given in his honor.

New Books of Interest in the Far East

I. P. R. Discussions

PROBLEMS OF THE PACIFIC, 1939. Proceedings of the Study Meeting of the Institute of Pacific Relations, Virginia Beach, Virginia, November 18—December 2, 1939, Edited by Kate Mitchell and W. L. Holland, Published by the Institute of Pacific Relations, New York, 1940, pp. 299.

The Institute of Pacific Relations has done much to make it possible for scholars to study the different problems of the Pacific. Its many publications are scholarly investigations of the most vital issues of the countries bordering the Pacific Ocean. Through these investigations, it is hoped that peoples of different countries may understand each other's problems and that through this understanding peaceful means may be found to solve them. It is for this purpose that the seventh regular conference of the Institute (which was called the Study Meeting of the Institute because the wars in Eurone and Asia made it impossible to hold the conference in Victoria, British Columbia as planned, and because the Japanese Council dissociated itself from the meeting) was held at Virginia Beach, Virginia from November 18 to December 2, 1939. This meeting offered an opportunity for the delegates of different countries to exchange opinions and to discuss the problems of the Far East. The book under review is a summary of the discussions and findings.

The book is divided into three parts. Part one deals with four vital subjects in the Far East: (1) The Background of the Far Eastern Conflict, (2) The Position of Japan and China, (3) Third Parties in the Far Eastern Conflict, and (4) Possibilities of Adjustment in the Far East. Dealing in detail with the military situation in China as well as the political conditions in both China and Japan, delegates to the meeting spent much time discussing the possibility of bringing about peace between China and Japan.

Three possible ways in which peace might be achieved in the Far East were discussed, though many reasons were advanced to prove that each was unlikely or undesirable, or both. "One possibility was a decisive Japanese victory and the collapse of Chinese resistance, leaving Japan in undisputed control of the occupied areas and presumably involving the eventual disintegration of the Chungking Government. In this case, a peace settlement would be dictated by Japan, with the Western Powers participating only to the extent that they were able or willing to put pressure on Japan to recognize their claims. A second possibility was that peace would be achieved as a result of successful Chinese resistance which would force Japan to deal with the Chinese Government on much more generous terms. A third possibility was that none of the Western Powers would take any decisive action for the time being, with the result that the war would be prolonged for an indefinite period and both China and Japan would become seriously weakened. The dominant Western Powers might then intervene and compel the negotiation of a peace settlement in which they would have the controlling voice."

Opinions of the delegates were almost unanimous that a Japanese victory would end the war but would not bring about an equitable or durable peace. Many delegates believed that American assistance to China would make it possible for the Chinese to force Japan to deal with the Chinese Government on much more generous terms and that only through a Chinese victory could a durable peace be achieved. The greater part of the discussions were concerned with long-term possibilities of adjustment in the Far East, with possible types of treaty machinery for framing and carrying out an eventual settlement, and with the economic adjustments which might be made once a general political settlement had been achieved. No matter whether one agrees with the opinions expressed by the delegates or not, it is most interesting to read the different opinions expressed in such an international gathering, as each delegate had his own background and his own viewpoint.

The second part of the book deals with three studies, one about the "Sino-Japanese Conflict and American Rights and Interests in China" by William C. Johnstone, the second on the "Future of Foreign Investment in China" by W. Y. Lin, and the third on "Foreign Relations of the Netherlands Indies" by F. M. Van Asbeck. Professor Johnstone's investigation is of particular importance, as it tells in detail how Japan has violated American rights and interests in China and what policy America should adopt to meet the changed situation. Dr. Lin's study of foreign investment in China will certainly have use in post-war days when China embarks on her national reconstruction movement. Professor Asbeck's study of the foreign relations of the Netherlands East Indies is of increasing value in the light of present conditions in the Pacific when Japan has already launched her "southward expansion" campaign.

The third part consists of six appendices, including a list of recent and forthcoming publications of the Institute of Pacific Relations.

F.F.Y.

In Darkest Chicago

GEM OF THE PRAIRIE: An Informal History of the Chicago Underworld, by Herbert Asbury; Alfred A. Knopf, New York City; 377 pages and a comprehensive index; price US$3.50.

In the 24 hours that ended at 10 p.m. on January 6, 1906, Chicago's crime record included four murders, seven suicides, and ten deaths from bomb explosions and other forms of violence. From July 26, 1905 to January 13, 1906, 54 homicides were reported. Center of crime at this time was not in Chicago's "badlands," but in the very respectable petty bourgeois North Side where "for reasons never explained the number of policemen on duty had been reduced by one-half within less than ten years, although the growth of the district had been phenomenal. With nothing to stop them, bands of thugs and hoodlums prowled the streets from dusk to dawn. They robbed every pedestrian they encountered, and many of these holdups were remarkable for brutality; sometimes the footpads stripped their victims, tied them to lamp posts and cut shallow slits in their flesh

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with razors and knives. They broke into stores and residences, held sex-orgies and drinking parties on the lawns and porches of private homes, and pursued every woman they saw. If they caught her, she was dragged into an alley and raped. If she attempted to defend herself, she was beaten, in many instances fatally."

Thus does Mr. Asbury describe conditions in the lowest ebb of civic virtue that was ever reached in an American city—in this century, too, and long after Chicago had ceased to be a sprawling shack town of the American West when it was young and wild. There was even more intensive and extensive racketeering in Chicago at a later date—in the Capone period that ended only a decade ago and with which Mr. Asbury's charming book concludes. But the average citizen of America's second largest metropolis was personally safe enough in his home or on the streets at this time. The gangsters engaged largely only in murdering each other, and so expert were they in marksmanship that innocent bystanders were rarely killed. The average citizen paid for the sanguinary spectacle in ways he didn't like—such as four times as much for having his pants pressed as it cost in Dixon, Illinois, but he also paid in a manner involving his enthusiastic co-operation: buying bootleg booze in virtuous contravention of the Ignoble Experiment.

This is one of a series of Mr. Asbury's sociological surveys of American evolution, the others dealing with the underworlds of New York, New Orleans and San Francisco. The reviewer has not read the last named, but the sketch of Chicago is even superior to the first two.

Quite a lot of book is devoted to the more lurid places of deepest scarlet sin that once abounded in Chicago, and which make our own Shanghai best seem plain and amateurish. Most famous of all Chicago palaces of commercialized sex was the Everleigh Club, in each room of which was a gold-plated spittoon and a fountain which at regular intervals squirted a jet of perfume into the incense-laden air. It also had a library, and an art gallery which contained some really good paintings. Beds were inlaid, tables were of mahogany covered with slabs of imported marble, the dinner service was of solid silver, and one piano was gilded with genuine gold. The two sisters who ran it, Ada and Minna—both, apparently, of the legal name of Lester,—were chaste widows: at least they were never known to have lovers. Their girls were guaranteed sound in wind and limb—and also not to be amateurs. "To get in" to the oldest profession as glorified by the Everleigh Club, said Ada once in a newspaper interview, "a girl must have a good face and figure, must be in perfect health, and must understand what it is to act like a lady."

Mr. Asbury recounts some choice stories of the Everleigh tradition. Lucy Page Gaston, anti-cigarette crusader, was allowed to visit the "club" frequently, and once she told Minna that "your girls are going straight to hell." Minna wanted to know what she could do about it. "Make them quit smoking cigarettes," said La Gaston. At another time an anti-vice crusader decided that duty required him to find out precisely what he was thundering against. So the sisters Everleigh kindly arranged a clinic for him with one of their most expert exponents of "Vice" as subject—and the subject agreed to be a guinea pig at the specially reduced price of US$25. When proceedings were about to start, the crusader gave her a $50 bill and she said she would get the change. When she returned, the crusader was agitatedly pacing the floor: "I've changed my mind," he said. "Can't we just sit and talk for an hour or two?"

"Yes," she said, "but in that case you don't get any change."

The sisters Everleigh now are living in retirement in New York City, "contented old ladies with nothing to remind them of the past but their fortune, a few photographs and the gold piano."

The reviewer can add one gloss to Mr. Asbury's legend of Chicago. That was after the mayor during the twenties, "Big Bill" Thompson, had announced that "if King George comes to Chicago, I'll bust him in the snoot." Up to that time, the English press had not paid any undue attention to Chicago doings, but with this challenge flung they launched extensive coverage of the then current gang wars and the civic balloting that was mostly bombing. And in one election with bombs for ballots, the London **Times** introduced its report of the result as follows:

> The machine-gun's red glare,
> Bombs bursting in the air,
> Gave proof to the world
> Chicago was still there.

In another election, the Manchester **Guardian** headlined the report from its own correspondent: "Only one killed in Chicago election."

W.B.

National Finance Meet Opens in Chungking

Free China's third National Financial Conference opened in Chungking early this week, following the arrival in the capital of Mr. Manuel Fox, American member, and Mr. Cyril Rogers, British member, of the Currency Stabilization Committee.

General Chiang Kai-shek delivered a 40-minute speech at the opening session, stressing that the main purpose of the meeting was to find means of balancing revenue and expenditure and to ensure that the burdens of the war should be shared equally by all.

Among the items on the agenda are the following:

Unification of the taxation system throughout the country.

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Protection of the country's currency system.

Prevention of smuggling.

Prevention of the flow of raw materials from Free China into occupied areas.

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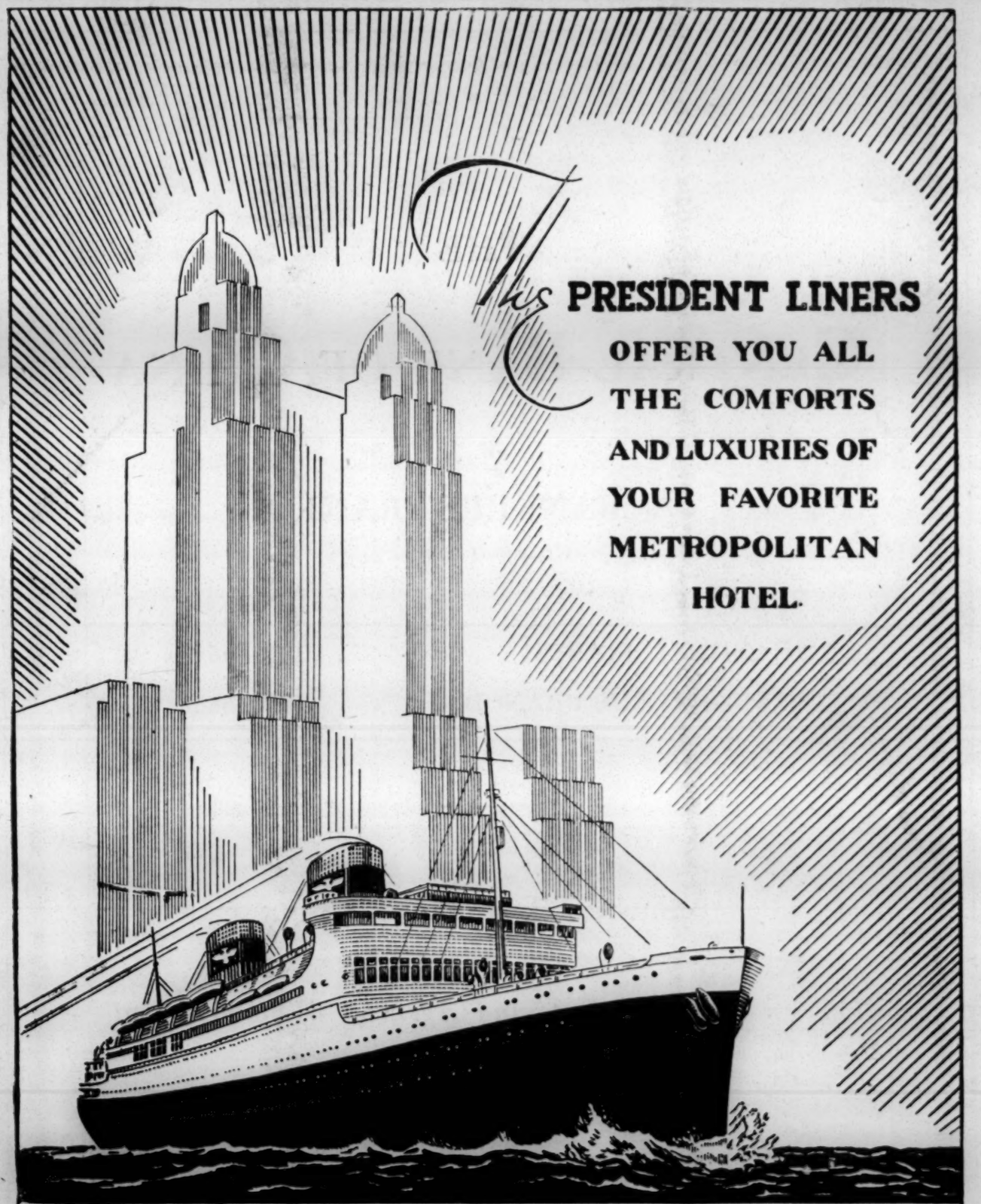

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